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Mr. Robert J. Shinners  
Vice President-Operations  
Great Northern Paper Company  
Millinocket, Maine 04462  

Dear Bob:  

The Legislature convened in Augusta. In Washington Congress went into session. Lynwood Hand was in Augusta. I was in Washington. The Public Affairs Department newsletter for the week ending December 7 follows:

**Energy Conservation Goals**

"Mr. Schlesinger's [President-elect Carter's designated energy chief] mandate is energy conservation...today's voluntary goals will be mandatory in the future."  
---Dudley Haupt, Washington representative of St. Regis Paper Company

Over 50 people attended the January 6 meeting of the Government Affairs Committee of the American Paper Institute in Washington, D.C. Haupt's words came during a discussion kicked off when it was reported the Federal Energy Administration is behind schedule in establishing conservation targets for industry. (The paper industry is the largest single user of industrial fuel oil.) API's Stan Hulett now says it is likely it'll be February before the announcement comes. API has been trying to convince the FEA that the industry should have one goal -- reducing purchased energy (maybe 18 or 20 per cent). FEA originally talked in terms of a 28 per cent cut in purchased energy and a 12 per cent reduction in over-all energy consumption. Industry is arguing for realistic goals which encourage development of alternative energy sources, including tax incentives for wood burning. FEA's own consultants agree with the paper industry, favoring only a target for a reduction of purchased energy. Industry's most effective weapon in dealing with Congress has been its ability to prove voluntary efforts can pay off, Hulett said, urging emphasis now by all companies on this critical area. Working against industry is the result of an FEA survey showing only 5 per cent of new industrial boilers being installed are designed to use, or be converted to use, coal. FEA will be issuing coal conversion notices (it has the authority to order use of coal) to some companies this spring.
Conservation (continued)

Reporting on a December 5 API executive committee meeting, Chairman Ed Spiegel says that key people in the industry are getting encouraging overtures from the Carter team. He also reported API is going to rebut the Council on Wage and Price Stability report which contains "untrue statements." He also said a high level committee is trying to find common ground on the recycling issue.

The role of the National Forest Products Association was outlined during the Government Affairs Committee's organizational session. NFPA will be responsible for lobbying on issues relating to natural resources, land use regulation, housing and Sections 208 and Section 404 of the Water Pollution Law. NFPA is gaining respect based on its leadership in the Monongahela crisis solution. The meetings continue to attract more and more people. IP alone now has six people in Washington dealing with government affairs. Boise Cascade has added a second person to its staff. So has Georgia-Pacific. Potlach has put a full-time man on the scene.

Speaking of Section 404 under which logging will be regulated by the Corps of Engineers, the meeting was told that there is House sentiment to act quickly to exempt logging; not so the Senate. That was the story last year. Industry representatives remain optimistic that Congress will get the job done this time -- and the way we would like to see it. Even so, the Corps of Engineers is preparing to issue final regulations to implement its program of regulating most of the nation's waterways.

Senator Muskie's continuing interest in pollution matters is reflected in a letter he has written EPA Commissioner Russell Train protesting penalties which will allow a Ketchikan, Alaska, pulp and paper mill to continue polluting in violation of 1977 standards. Muskie says the $250 a day penalty is insufficient.

QUIET TIMES IN AUGUSTA

Legislators returned to Augusta on January 5 and the next day heard Governor Longley's opening message. As one would expect, the Governor called for austerity in government. He also devoted some time to reporting on the claims of two Maine Indian tribes but did not ask for action to deal with the dispute.

Mostly it was a week when the legislators got organized for the session ahead. Thirty bills were distributed; none of interest to Great Northern.

Next week the Governor will present his budget message.

PUBLIC AFFAIRS

With Paul Firlotte, Fred Morrison and Charles Nelson, we discussed the plans of Wayne Hockmeyer to start whitewater raft trips on the West Branch in 1977. Hockmeyer's Kennebec Whitewater Expedition is based in Rockwood. Last year Hockmeyer's outfit started in business on the Kennebec.
Public Affairs (continued)

In Washington, we talked with Jim Case of Senator Muskie's staff and Carolyn Nightengale of Congressman Emery's staff. They were setting up a meeting on January 26 when Lloyd Ireland of the State Department of Conservation will discuss the 1976 spruce budworm control program. Staff members of the Maine Delegation, as well as representatives of trade associations and companies with Maine land holdings will be invited. (The Department of Conservation reported to the Legislature this week on its recommendations for financing the 1976 program.)

We asked Attorney Donald Perkins to consult with Mike Collins on proposals being considered by the Forest Resources Study Committee to recommend changes in the Tree Growth Tax Law. The Committee is working on its final report. Copies of drafts of the report were sent to the woodlands department for review.

PUBLIC RELATIONS

Photographs of the new Pinkham mill were provided Bruce Ellison, editor of Monday, the Maine business newspaper.

News releases on two promotions were distributed.

Sincerely,

Paul

pmc/b

Enclosure (History of Great Northern)

Distribution:

J. R. Adams  T. H. Flanagan  O. J. Lombard  C. H. Reed
E. E. Allain  J. E. Godfrey  V. F. Mattson  W. A. Saucier
R. F. Bartlett  J. R. Goody  E. V. Maxfield  E. M. Schwerin
S. A. Casey  L. E. Hand  F. C. Morrison  J. H. Staples
D. A. Crippen  R. Hellendale  C. L. Nelson  W. W. Tolley
A. E. Dentremont  P. D. Hubbe  J. F. O'Handley  O. K. Tripp
B. P. Ellen  R. R. Johnson  P. P. Paul  R. A. Venditti
P. I. Firlotte  D. J. Krohn  I. P. Phelps  P. H. Welch
W. E. Lloyd  T. S. Pinkham  P. F. Yacavone
Mr. Robert J. Shinners  
Vice President-Operations  
Great Northern Paper Company  
Millinocket, Maine 04462

Dear Bob:

The newsletter of the Public Affairs Department for the two weeks ending January 21 follows:

**U.S. backs Indians**

...for full land, money claim

PORTLAND - The Department of Interior has recommended the existence of 2,000,000 acres in Maine to satisfy the Indian claims against the State of Maine. The recommendation is based on a government survey which showed that the claimants have a right to return to the land, according to a report issued by the Department of Interior.

When readers of Maine newspapers learned January 17 that attorneys for the U.S. Department of Interior had suggested claiming two-thirds of the State of Maine on behalf of the Indians, the reaction was predictable.

Governor Longley said the report sounded like the work of a "foreign government" rather than Americans and branded it as "gross discrimination" against the majority of the people of Maine. State House reporters said they hadn't seen the volatile Governor so aroused in months. In front of television cameras he vowed to fight. Longley accused one author of the report of a conflict of interest because Tim Vollman formerly worked for the Native American Rights Fund in Colorado. The Fund is paying Attorney Tom Tureen to represent the Maine Indians.

The Maine press joined the Governor:

"It seems unbelievable that we are paying bureaucrats and lawyers in Washington to come up with this kind of brainstorm. In defense of its draft proposal, the Interior Department insists the Indian claims should not be treated in a 'niggardly fashion.' Two thirds of a state the size of Maine isn't exactly peanuts."

---Morning Sentinel, Waterville, January 18

Millinocket, Maine 04462. (207) 723-5131 Ext. 228
Some Folks (continued)

"The federal government is suffering a guilt complex; after 200 years of maltreating native Americans the Great White Father's guilt conscience is acting up...We see Indian claims as one to be negotiated by, and the terms met by the United States Government."

---Kennebec Journal, Augusta, January 19

"...nothing less than incredible."

---Press Herald, Portland, January 19

"Naturally there are some pieces of land that the Indians will never try to reclaim. Manhattan Island is one. Washington, D.C. is another. No Indian would want Washington. It has no productivity."

---Bill Clark, columnist, Morning Sentinel

Waterville, January 19

As you know, the Department of Justice won a six-week delay January 17 in making a decision on whether or not to press the claims of the 2,500 Passamaquoddy and Penobscot Indians. At the same time, the Justice Department called for action by Congress to solve the problem created by the Indian suits. The delay will give the new administration time to consider the matter. The problem is occupying most of the time of key staffers in the Maine Congressional Delegation.

Public television viewers across the nation heard the issue discussed January 17 on the MacNeil-Lehrer Report. Maine Attorney General Joe Brennan stuck to his guns: the Indian claims are "without merit" and he is not going to negotiate with the Indians. He and Tureen engaged in a lively debate on the second half of the program, seen only in Maine. Brennan said the matter should be settled in Congress and hailed the Justice Department for also appearing to favor that type of solution. Tureen argued it isn't fair to take the matter out of the hands of the courts, although he continues to emphasis that the Indians are willing to negotiate.

THE LEGISLATURE

When asked during a press conference about the Administration's commitment to talk reform, the Governor said "tax relief is tax reform, and there is a lot of tax relief in our budget." In speaking to the Legislature on January 13, Longley proposed that the one per cent increase in the corporate income tax that was put into law in 1973 to pay part of the cost of the inventory tax removal be scrapped along with repeal of the inventory tax. He wants to hold the line on taxes and bonded indebtedness...Bob Moore, the attorney retained by Associated Industries of Maine, is anticipating two major problems: 1) dealing with the proposal for state assessment of properties valued at over $5 million and 2) the strong interest in hiking the corporate income tax for the 'biggies' -- larger industrial firms, such as paper companies. Wilmer Saucier, Fort Kent District superintendent in the Woodlands Department, was the first in the series of GNP management people to join Lynwood Hand in Augusta for two days of observing the process of government. He was introduced to the full House of Representatives by House Speaker John Martin.
The annual meeting of the Paper Industry Information Office in Rockport, January 14-15, attracted 75 people. Bob Bartlett, Sam Casey, Lynwood Hand, Bob Hellendale, Bob Shinner and Al Tozier also attended. Legislators and bureaucrats discussed taxes, a Congressman said he favored relaxing water pollution laws, a state commissioner said there is too much regulation and the claims of Maine Indians were discussed by a banker.

Highlights of the session included:

State Representative Dick Morton of Farmington, veteran of two of four major study committees, made a point of stressing one recommended tax reform -- "highly trained assessors" employed by the state should be valuing all properties worth over $5 million. In Maine, that means mostly paper mills. Responding to a question, Morton says he doesn't think commercial firms operating in the state have the ability to value major industries. Prior to the meeting, Norm Ledew, State property tax chief, summed up the feeling of most people at the meeting: nobody really knows if mills are underassessed.

Congressman Dave Emery voiced support for the recommendations of the National Commission on Water Quality which call for relaxing goals.

Conservation Commissioner Dick Barringer, who had escaped serious injury in an automobile accident only a day before, came to town to lecture on the relationship between government and industry. In most cases he favored "replacing them (regulations) with market mechanism." On the State of Maine, the Commissioner said "what Maine has got is its forests -- that's what we have got for the long term." He defended the necessity for land use regulation but again was critical of the Department of Fish & Wildlife proposals for zoning large areas of lands as deer winter areas. If the state had to pay the landowners, Barringer said the department would quickly back off from the idea. Barringer, of course, thinks the department really belongs under the banner of the Department of Conservation. In closing, he turned to the need for recreational planning. Roads being built by paper companies for hauling pulp are opening up vast areas of timberlands for public use. New U.S. Geological Survey maps coming out next year will have all the roads on them, Barringer said. The place to start, he said, "is on the Penobscot. We do not want to see development along the shore of the West Branch in areas such as the Foxhole, Little Raggmufl or Lobster Stream." It is growing increasingly apparent that the State Department of Conservation would like to cooperatively work with Great Northern to develop a plan for the West Branch region. It would be one way to block Federal designation of the area as part of the National Wild & Scenic Rivers System. Both Barringer and his top aides have said they have no problem with building another dam on the river.

Merrill Bank President Bill Bullock generated some newspaper headlines with a discussion of the Indian land claims. He is chairman of the Governor's advisory committee dealing with the financial ramifications of the dispute. Galen Cole described the new AIM program which will focus on taxes and labor matters before the Legislature. Keith Ruff of Georgia-Pacific was re-elected president of PIIO.
ELSEWHERE IN AUGUSTA

The Land Use Regulation Commission has adopted permanent standards and on February 16 in Jackman will begin the permanent zoning of the unorganized territory. On the advice of the assistant attorney general assigned to the commission, LURC rejected the idea that new management zones should be imposed only at the request of landowners. During discussions, staff members said it would be possible to develop pump storage on the Dead River if it were made a Natural Character Subdistrict. A LURC planner sees ten such 30,000 or 40,000 acre areas within the unorganized territory, aimed at preventing development that would reduce primitive recreational uses....Associated Industries of Maine is drafting legislation to substitute a per-barrel tax on industrial fuel oil in place of the sales tax....Lloyd Irland, Maine's budworm control manager, will meet next week with staff members of the Maine Congressional Delegation. Washington-based representatives of companies with timberlands in Maine and trade associations have also been invited to the meeting. Some Congressional staff people say that the final decision on the percentage of federal funds available for the 1977 Maine project will reflect the attitude of the new administration. It was 50 per cent last year. This year the U.S. Forest Service and State agencies are talking in terms of 36 per cent....Nearly 200 people turned out for the opening of the Library of Congress papermaking exhibit at the State Museum in Augusta on January 12. The exhibit continues for a month, co-sponsored by the paper industry of the state....Directors of the Maine Forest Products Council on January 11 spent a lot of time talking about the Corps of Engineers regulatory program but agreed there isn't much Maine people can do about it. If it's going to change, Congress has got to make the decision....Doug Smith, chairman of the Forest Resources Study Committee, says he hopes to see the final report of the committee completed by the end of January with recommendations for the legislature. The committee meets again January 25.

PUBLIC AFFAIRS

Dues were paid to the Paper Industry Management Association and the Maine Press Association. Contributions were authorized for the Presque Isle Kiwanis Club and the Allagash High School Year Book. A Katahdin Journal advertisement saluting the new East Millinocket Fire Station will be co-sponsored by GNP. We will also co-sponsor tournament basketball games of Stearns, Schenck and Katahdin high school teams.... A news release on preliminary GNP earnings for 1976 was released to the Maine media....With the principals and music directors of Stearns and Schenck, we discussed a Bangor Symphony proposal to bring a program to the area for students and adults....Information on the E&R building expansion was provided a Bangor News correspondent in answer to questions.

Sincerely,

Paul

pmc/b
Mr. Robert J. Shinners  
Vice President-Operations  
Great Northern Paper Company  
Millinocket, Maine 04462

Dear Bob:

The newsletter of the Public Affairs Department for the week ending January 28 follows:

**UTILITY TURNS TO COAL**

Elwin (Skip) Thurlow, Central Maine Power Company's president, drove to Bangor January 25 to appear on WABI-TV's "Follow Up" program. The interview program is taped in advance for showing on Sundays at 6 p.m. When he got to the studio, Thurlow had a news release. Central Maine that day announced it was abandoning plans to build a nuclear power plant on Sears Island at Searsport. The Company had invested $14 million in the project. Instead Central Maine will build a coal-fired generating station. Thurlow said CMP isn't giving up on nuclear power and will start planning a Richmond facility to go on line in the mid-1990s.

CMP staff were saying, off the record, that Nuclear Regulatory Commission personnel had been telling them that a geological fault under the island wasn't a problem but the NEC staff wouldn't put it down on paper. It became clear that CMP couldn't get approval for the site. Meanwhile the on-again, off-again situation of the Seabrook plant in New Hampshire was discouraging CMP's management.

Regardless of the Searsport announcement, foes of nuclear power in Maine still plan to take the issue to referendum this year. They want a moratorium on the construction of nuclear plants. A few months ago leaders of Safe Power for Maine were saying they had all the signatures needed on petitions to force a vote. Now supporters of the petition drive are urging new efforts. Central Maine's management reportedly doesn't look forward to a fight. They remember the successful effort to kill the public power proposal but they also think the campaign left scars which still create problems. They want to take a lower profile when and if the nuclear issue faces the voters of Maine. Organizations such as the Economic Resources Council of Maine would probably be out front.
Clean Air Act Amendments

The Public Works Committee has scheduled hearings February 9-11 on amendments to the Clean Air Act. Senator Muskie of Maine says "we know the issues and the implications of most of the alternatives" and has told Washington newsmen he will push for quick action on three bills he filed. Hearings by the House Commerce committee will start February 21. Similar legislation died in the waning hours of the last session of Congress when a filibuster was threatened.

Forest Resources Study Committee

Former State Representative Doug Smith of Dover-Foxcroft wishes that the Forest Resources Study Committee he heads had had the staff to do a better job. Still the young attorney is happy that the committee appears to be one meeting away from approving a final report. Unless it gets changed the report will start out by saying "the forest products industry which is a very significant component of the United States and Maine economics, may be reaching its peak in terms of growth." Reflecting a recommendation from the Bureau of Labor Education of the University of Maine, the draft also recommends a "study of the conditions of employment and the problems of Maine woodsmen." Stepped-up support of vocational education programs is also urged. The Committee also found that "the concept of forestland ownership has evolved to one that emphasizes that private ownership of forestland is a public trust which includes responsibilities that go beyond the individual's interest."

Mr. Irland Goes To Washington

Lloyd Irland, the spruce budworm control chief for Maine, briefed the staff of the Maine Congressional Delegation on January 26 on plans for the 1977 program. Washington-based representatives of St. Regis, Georgia-Pacific, Scott, Boise-Cascade and International paper companies attended along with a staffer from the American Paper Institute. The big question now is the extent of the federal participation -- will it be 36 per cent as recommended by the U.S. Forest Service or will the new administration with its close ties to agriculture favor a percentage closer to the 50 per cent level of recent years. Irland made a favorable impression as an effective communicator, according to Jim Case of Senator Muskie's staff. The meeting was arranged by the office of Congressman Emery who is the Delegation chairman for this year.

The Augusta Scene

Governor Longley spelled out the details of his legislative program in a message to the Legislature on January 27. He said it would be another week before he's ready to get specific in the area of tax reform. Longley backed off from a proposal that the Department of Fish & Wildlife be merged with the Department of Conservation. He also endorsed the Conservation department's budworm control program...
The Augusta Scene (continued)

There has been talk that the Governor wants to meet with representatives of paper companies on tax matters but so far nothing definite has materialized....Representative Jim McBreachity, the determined farmer from Perham who is a critic of Conservation Commissioner Barringer, is planning legislation which would divorce LURC from the Conservation Department. He had considered legislation to abolish LURC....This week Al Tozier joined Lynwood Hand for a day and a half....Merrill C. (Pete) Welles, executive director of Associated Industries of Maine, died January 24 after a heart attack. He was 45....The new AIM Communications Committee (I am chairman) met January 25. We will recommend that the annual meeting format of the past be scrapped and that a one-day session be held in a city.

PUBLIC RELATIONS

A Bangor Daily News proposal that we buy a page in an edition focusing on engineers' week was turned down. We'll take the usual full page in the News industrial edition. The same thing happened with the Press Herald which wanted GNP to also co-sponsor a Port of Searsport promotion advertisement as well as placing a full page in the newspaper's annual State of Maine edition.

Sincerely,

[Signature]

pmc/b
Mr. Robert J. Shinners  
Vice President-Operations  
Great Northern Paper Company  
Millinocket, Maine 04462  

Dear Bob:  

The newsletter of the Public Affairs Department for the week ending February 4 follows:  

**FOCUSBING ON THE ISSUES**  

Washington-based representatives of paper companies recently took a poll on major issues anticipated in 1977. The list contained no surprises. What was interesting was the order in which the issues were rated. Recycling was No. 1, not the forthcoming debate over a mid-course correction in the water pollution law. Those two items were followed in order by air pollution amendments, energy, the Section 404 program of the Corps of Engineers and land use.  

Results of the poll were discussed during a meeting of the American Paper Institute on February 3 in Washington, D.C. Over 50 persons attended including Fred Ernst of Great Southern and Pat Hassett and Bill Tolley of Nekoosa Papers. Nancy Wisk was introduced as a new API staff member who will track energy matters.  

Taxes were not on the critical list but were quickly projected as just that by Art Smyth of Weyerhaeuser, based on a talk with House Ways and Means Committee Chairman Al Ullman. The whole philosophy of capital gains is going to be re-examined, not just capital gains treatment of timberlands. Fred Webber of Scott said he would be surprised "if capital gains, as we know it, survives this session of Congress."  

A "common situs" picketing law has long been a goal of organized labor. Passed in the last session, it was vetoed. President Carter says he will sign a bill. A big push is expected to pass such a bill again in Congress. Because it has needed labor support on environmental matters, API has stayed out of the issue. But because such legislation could have a major economic impact on sites of mill expansions, the paper industry's position is going to be reconsidered. It may be more desirable to get involved and obtain the best possible law. (Great Northern has
Issues (continued)

opposed this type of law and so have other paper companies.)

On other matters:

Recycling -- The widely publicized proposal for a $26 a
ton tax on virgin fiber is just one of the things stir-
ring up Washington. Another is the decision of the beer
industry to push for a broad-based tax on all the components
of litter. It would be an attempt to head off bans, such
as that already enacted in Maine, on non-returnable bever-
age containers. Half of the litter is paper. The brewers
also have said they will support a federal tax of this type.

Water Pollution -- The Senate will push legislation to pro-
vide financial assistance for municipal treatment plants.
The program died when Congress failed to act in the last
session. When the House acts, it will probably again tie
exemptions for forestry and agricultural matters to the
financing legislation.

Land Use -- Morris Udall wasn't a success in the presidential
derby but he is now top man on the Interior committee. As
chairman, he says he is going to press for passage of two
pieces of legislation he has long sought -- land use plan-
ning and strip mining regulations. In the Senate, Jackson
of Washington, also plans to go ahead with land use plan-
ning legislation. The President favors a strong Federal
program.

Housing -- There is little hope of a new housing program.
With housing starts now running at a 1.8 million annual
rate, the pressure is off HUD.

Energy -- The natural gas regulation law approved by
Congress is not going to generate any new supplies, Tom
Mitchell of Georgia-Pacific said. He predicted it will
"boomerang" on the Carter administration unless a bill is
also quickly passed deregulating intra-state sales of
natural gas.

**The Indians' Claim**

On February 2, there were headlines in the Maine press (and
in the Washington Post and on Washington area television
stations) reporting that Archibald Cox, the former Water-
gate special prosecutor, will serve as an unpaid consultant
on behalf of the Maine Indians in their legal fight.

The next day in the Bangor Daily News there were headlines
reporting the likely collapse of a shopping center pro-
ject as a result of the Indians' claims.

The general feeling in Washington is that things are going
to have to get a lot worse before Congress can act. There
are constitutional questions to face. More important is
the fact that there are many members of Congress who will
insist on "fair" treatment for the Indians in the courts.
Indian claims (continued)

Emotions are creeping into the pages of newspapers. "I wish to go on record that we don't owe the Indian people a damn thing and never did," wrote a Machias man in a letter to the News.

WASHINGTON VISIT

With Vic Mattson, Jerry Perkins and Bob Hellendale, we visited offices of members of the Maine Congressional Delegation, February 2-3. Jerry outlined our hopes for tax incentives for hydroelectric projects and Vic explained our legal and political problems with operating teepee burners in Aroostook county. Aides to Senator Muskie as well as Congressmen Cohen and Emery were helpful on both matters. There were also some indications that the Interior department opposition to another dam on the West Branch may be diminishing, although they still want the recreational use managed by a governmental agency. On February 2, Stan Hulett of API and three members of the API staff briefed seven GNN people on water pollution, energy and recycling matters -- Ernst, Hassett, Hellendale, Mattson, McCann, Perkins, Tolley.

THE AUGUSTA SCENE

Lynwood Hand reports that the budworm financing program will be presented at a hearing of the Appropriations and Financial Affairs Committee of the Legislature at 1:30 p.m. Wednesday, February 9. Attorney Donald Perkins will explain the dissatisfaction of forest landowners with the Department of Conservation's formula for financing the 1977 project. It'll be a low-key approach. The Legislature is off to a slow start.

WOODS LABOR

A few days after the U.S. Department of Labor had published new regulations governing the temporary employment of aliens in the United States, Senator Hathaway issued a news release calling on the department to do just that and also said (as he had been expected to do for several weeks) that public hearings will be proposed on the use of bonded Canadians in the Maine woods. In the newspapers, Hathaway was quoted as saying there must be Americans available to fill the jobs held by the bonded cutters. Over half of Great Northern's wood is cut by Canadians and we told Hathaway's staff we hope they will seek the facts in the hearings. The staffs of Senator Muskie and Congressman Cohen are doing that in examining the problem. The Maine Woodsmen's Association continues to push the issue. The fact that the Attorney General is investigating Canadian firms for allegedly operating illegally in Maine and employing Canadians is contributing to the over-all problem.
PUBLIC AFFAIRS

Contributions were made to permit students from Millinocket and East Millinocket high schools to attend Boys State sponsored by the American Legion. A contribution was made to the Aroostook County Salvation Army building fund and to the Maine Health, Physical Education and Recreation Association for an Aroostook convention.

Bob Hellendale's talk on "A Paper Company's Needs: Dollars and Sense" appeared in the fall issue of the Thomas College Business Review with a forward by Conservation Commissioner Dick Barringer and other articles by Bill Adams of the Department of Environmental Protection and John McGlennan, regional administrator of the U.S. Environmental Protection Agency, and John M. Kehoe, Jr., general manager of a solid waste planning firm.

Mrs. Charles "Whit" McEvoy of Bangor has been elected chairman of the Land Use Regulation Commission. It looks like three vacancies are going to occur this summer on the Commission. LURC zoning hearings start February 16 in Jackman.

PUBLIC RELATIONS

A release on Great Northern Nekoosa's 1976 earnings was distributed to the Maine press.

A new GNP advertisement was placed in the two Millinocket area weekly newspapers.

Sincerely,

pmc/b
Enclosure (PIIO Newsletter)
Mr. Robert J. Shinners  
Vice President-Operations  
Great Northern Paper Company  
Millinocket, Maine 04462

Dear Bob:

The newsletter of the Public Affairs Department for the week ending February 11:

**LIVELY TIME IN A DULL TOWN**

The subject of financing the spruce budworm control program resulted in a lively hearing in Augusta February 9 before the Committee on Appropriations and Financial Affairs. Conservation Commissioner Dick Barringer admitted that Governor Longley had ordered a cutback in the State's General Fund share, and thereby an increase in the forest landowners' excise tax in 1977. The law, however, says this decision will be made by the Legislature, not the Governor, based on the Commissioner's recommendation. In Orono on December 14, Barringer denied that the Governor ever meddled in such decisions.

The Conservation Department has proposed a 930,000 acre spray project to cost $3,250,000. Owners of timberlands and the Conservation Department are at odds over how much is a fair share for the State to pay. After the Orono hearing, Barringer had increased the State share of the non-Federal cost from 4 to 7%. Attorney Donald Perkins, speaking on behalf of the paper industry, attacked the formula developed by Barringer and economist John Joseph, saying that it ignores obvious benefits to the State. Joe Lupsha of the Forest Products Council says other landowners and wood users are victims of the department's "sock it to the paper companies" approach. He said there are 150 mills which use spruce and fir besides pulp and paper companies.

Representative McBreaity of Perham told the Committee that since 1975 the State has collected $300,000 more from landowners under special spruce budworm taxes than has been spent. McBreaity, a longtime critic of Barringer, challenged the Commissioner's statement that any State General Fund money would be involved. Barringer
Dull Town (continued)

said McBreachity must be confusing the issue with the 1½ mills unofficially added to the Tree Growth Tax Law in 1973. At that point, Great Northern's Lynwood Hand got indignant. He said the Legislature has a moral obligation to honor that commitment. He showed the Committee the Legislative Record in which the chairman said that it was the intent of the committee that the money be used for budworm control.

The Conservation Department is proposing that 2.56 per cent of the money come from the State General Fund, 36 per cent from the Federal government and the remainder from a special tax on landowners. In Washington last week, there were indications that the Office of Management and Budget wants to eventually get the Federal Government out of the program.

The press ignored the lively discussion.

In Canada on February 7, Quebec announced plans to spray five million acres. Nova Scotia earlier had decided not to start spraying because of "health hazards." The decision in Nova Scotia came after months of public debate. The issue of spraying is spreading in Canada. Use of the chemical Sevin, which is going to be used in Maine with Federal approval, is being questioned. Lloyd Irland, forest insect manager, has defended Sevin as safe. He may face a new round of questioning when the news from Canada reaches Maine.

**Congressional Delegation Speaks Out**

Members of the Maine Congressional Delegation have been criticized in the press for not moving quicker to seek a solution to the problems created by the Indian claims. Until they had a program, the members had agreed not to talk about the issue. This week a program was ready and the members of the delegation started speaking out. The Justice Department will be asked to seek a continuance of the Maine case in district court until June 1 -- the deadline is now March 1. Legislation will be drafted to limit the Indian claims to monetary damage. The over-all package wasn't developed without the strains producing a rift in the delegation, according to Washington sources. Senator Hathaway jumped the gun on his colleagues with a news release suggesting several approaches which were ignored the next day when Senator Muskie got together with Congressmen Cohen and Emery. Cohen came home on February 10 to tell the State Senate that "the State would come to a grinding halt" unless a solution is found to the problem.
"The Big Bucks"

H. Sawin Millett, state education commissioner, on February 1 notified the Legislature that $290 million will be needed to finance basic state aid to education in 1977-78.

"These are the big bucks in state government...the big bucks at the local level," directors of Associated Industries were told February 8 by a team from the Portland law firm of Verrill & Dana. Mike Healey and Bob Moore said the $290 million corresponds with $260 million raised under the state uniform property tax in 1976-77. It was $245 million in 1975-76, $221 million in 1974-75.

The uniform property tax is under fire in Augusta. A citizens' group has presented 50,000 signatures on petitions which means the Legislature must consider repealing the law. If it isn't repealed, the law will go to referendum. Governor Longley has told the Legislature "we must separate any state-imposed tax on property from financing of education. I believe that the present uniform property tax is inappropriately tied to education spending with the result being that the citizens of Maine are unnecessarily divided as towns and cities are fragmented into 'pay-in' versus 'receiving' communities. Even so-called receiving communities have been deceived into believing they're getting more from Augusta than they're paying in all forms of taxes....or, giving up in the form of local control of their own lives and decisions and destinies." Ready to defend the system is Augusta's most potent lobbying coalition led by the Maine Teachers Association (70% of the money is for teacher salaries).

The uniform property tax is tied to the School Finance Act of 1976, the revised version of the revolutionary (only Kansas has a similar law) concept approved in 1974. The aim was to provide equal educational opportunities for all students in elementary and secondary schools. The law has two basic parts. The first provides that the Legislature must determine a "basic education allocation." That's the $290 million. In addition, the Legislature sets a uniform property tax that will produce no more than half of the total basic education costs. If the tax raised by a city or town on its state assessed valuation of property is less than the unit's basic education allocation, the state pays the difference. If the uniform tax is greater than the amount allocated to the community, the city or town sends the excess to Augusta.

In 1976-77, the uniform tax was set at 13 mills or 45% of the basic education allocation. It took $260 million. Actually $265 was raised because of a $4 million deficit. Every two years all property is also re-evaluated. Total valuations have increased from $9 billion to $11.7 billion. With a state rate of 12.5 mills, this means $290 will be raised -- $34 million in new money. Governor Longley told the Legislature he does "not approve of this tax increase" without approval of the Maine voters. Legislation has been filed to bar the state from collecting the additional revenue.
Big Bucks (continued)

Healey and Moore were reluctant to advise industry to tangle with education advocates -- "they would carve us up." But between now and April, the Legislature must act and the matter "will move very rapidly," Healey said. Education is a state responsibility he said -- and it isn't easy to consider turning back the clock. Some think the system would be improved if the spending decision (how much to pay teachers, etc.) were made in Augusta as well as the taxing decisions.

THE AUGUSTA SCENE

Three bills of industry interest will be heard at a February 17 hearing before the Legislative Labor Committee in Augusta. Other than that hearing, the week ahead will be another quiet one in Augusta...Three candidates for the Democratic nomination for Governor are soliciting support from legislators. They are Secretary of State Mark Gartley, Attorney General Joseph Brennan and Senator Philip Merrill of Portland....As expected, the Governor in a message to the Legislature on February 1 urged state assessment of properties valued at over $10,000,000 and by 1985, state assessment of all valued at over $1 million. Legislation still hasn't been filed....The Land Use Regulation Commission starts zoning hearings February 16 in Jackman. Every two months for the next two years, LURC will hold such hearings. One natural character management zone proposed for the Moose River area looks like what the Federal government would like to see on the West Branch....Associated Industries of Maine has hired Donna Mae Thibodeau Mundy. She is the former director of Maine's bicentennial commission. Her husband, Jim Mundy, is House Speaker John Martin's assistant...

PUBLIC AFFAIRS

I discussed "Industry and its Relationship to Government" at a Maine Bankers Association seminar in Orono on February 9. Bob Bartlett spoke the week before at another such session in Portland.

Sincerely,

[Signature]

pmc/b
Mr. Robert J. Shinners  
Vice President-Operations  
Great Northern Paper Company  
Millinocket, Maine 04462  

Dear Bob:  

The newsletter of the Public Affairs Department for the week ending February 18:  

ATTACKING THE PROBLEM  

As we reported last week, the Maine Congressional Delegation has agreed on a series of steps to be taken in an effort to solve the problem created by the Indian claims. With Congress in recess for several days, members of the Delegation visited with their constituents -- and talked a lot about the Indian claims. What they said dominated the pages of Maine newspapers and was featured on television and radio broadcasts. Senator Muskie, responding to questions from Bangor businessmen, summed it all up this way: there will be no quick and simple solution.  

When Congressman Cohen got back to Washington, he continued making headlines. First, he told the Maine State Society of Washington that "the claim for land is being used to blackjack the State into a settlement that will include the transfer of public lands and substantial money damages." A few days later he and Congressman Emery filed legislation to ratify existing treaties between the Passamaquoddy and Penobscot tribes and limit the claims to monetary damages. Cohen warned of a "taxpayers revolt" if the case drags. (A Millinocket couple created headlines by proclaiming they would refuse to pay on their mortgage until the issue was settled. A bank said "pay or we'll take the house.")  

The Maine Delegation program includes (1) hearings by a House committee, (2) similar hearings by a new Senate committee, (3) legislation pledging the credit of the Federal government to guarantee the State's credit, (4) a special White House evaluation, (5) asking the President to order Federal agencies to go slow in suspending loan programs, (6) postponement of the deadline for court action from March 1 to June 1, and (7) legislation ratifying the treaties (as already proposed by Cohen and Emery with Muskie and Senator Hathaway to follow).
The Problem (continued)

It all boils down to a view that the stage is being set for Congress to develop a national policy to deal with these issues, which affect not only Maine, but an increasing number of other states. Significantly, perhaps, there has been no public opposition voiced by the Indians. The Chiefs and their attorney have been in Washington.

Now the emphasis is on avoiding another crisis by getting the March 1 deadline put off.

THE LEGISLATURE

"The ones who are out spearing suckers or shooting them with a bow and arrow destroy the smelt eggs along the banks....they also leave the suckers along the banks to rot....I am truly talking about a type of fish, not a person or other life form....some people do eat suckers and they are used for fertilizer also....I would like to point out that these big suckers, some of them weighing up to 8 or 10 pounds, lay out in the mouth of the stream and gobble up your good spawn, eggs, of your game fish..."

---from the Legislative Record, quotes from a debate over "An Act to Allow the Taking of Suckers with Bow and Arrow"

The pace of the legislative session remains slow. Next week three-day sessions will resume. A lack of work had forced the leadership to cut back to two-day schedules for the past two weeks. On February 17 twenty businessmen turned out to support legislation tightening up unemployment benefits for those who quit a job or are fired for misconduct. The bill is one drafted by Associated Industries of Maine, which narrowly missed being approved in the last session. Nobody opposed a bill sponsored by House Speaker Martin to outlaw the hiring of aliens illegally in Maine. It had the support of a Federal official. Martin did run into questions about babysitters who cross the border from St. Stephens, N.B., to Calais. No major legislation is scheduled for hearings next week.

Governor Longley made a decision on February 15 to call for a state school budget of $268.6 million, $22 million below that proposed by Education Commissioner Sawin Millett. Legislators have until April 1 to decide whether to accept the Governor's recommendation.

LURC, LURC, LURC

The Land Use Regulation Commission had hoped to hold a hearing every two months for the next two years as it goes about the job of zoning the ten million acres of unorganized territory in Maine. After an eight-hour hearing in Jackman on Block 1 (22 towns), Chairman Mary McEvoy said "I don't know how we can keep to such a schedule." She and her colleagues on the Commission heard industrial foresters challenge map after map as containing inaccurate information -- ponds that don't exist, wetlands where commercial forests are located, etc. Jim Carson of Great Northern, answering a question from Commissioner Charles Blood, said that there are ten times as many acres of wetlands on the LURC maps as show on the recently completed Sewall Company inventory of four GNP townships.

Wetlands were the most controversial issue of the protection districts discussed at the February 16 hearing. Deer yards again were debated.
LURC (continued)

It was Blood, however, who explained why the Commissioners have stuck to the Natural Character Management Zone opposed by Great Northern. The Block 1 proposals include a 42,000 Natural Character zone, where timber harvesting is permitted but development rights of the owners are virtually eliminated. "I have been seeing changes in the big woods in the last few years...the integrity of the area is being threatened by the vast road network....the roads provide an increasing potential for development....we don't want to take any chances of it all going this way....I think 30,000 or 40,000 acres being designated this way is a good idea." Mrs. McEvoy said during the meeting that they have been discussing this type of zoning for the West Branch. The zone debated in Jackman stretches from ridge line to ridge line along the Moose River. Attorney Donald Perkins argued that designation is going to mean more people will be attracted to the area and that this will mean more trash and environmental degradation. He cited the Allagash as an example, saying beauty and the deep woods atmosphere have disappeared because too many people have been attracted to the Wild & Scenic River.

The record for the zoning will close, except for rebuttal, on March 3. A GNP statement will be filed.

AUGUSTA VISITOR

Senator Muskie was quoted this week as telling Maine legislators that "there isn't a paper company in the state or an electric utility that couldn't be duplicated" if amendments to the Clean Air Act are approved this year. The industry opposed the amendments in 1976 and the legislation died in an end-of-the-session filibuster.

FOREST RESOURCES COMMITTEE

Two reports on woods labor were distributed at the most recent meeting in Augusta of the Select Committee studying Maine's forest resources. The committee bogged down over language in its final report and will consider yet another version in a couple of weeks.

PUBLIC RELATIONS

The year-end GNN quarterly report was distributed. It features an article on the company's hydroelectric system....Revised captions for consideration for the GNN annual report covering paintings of mechanical harvesting equipment and No. 11 paper machine....A news release on a potential Medway housing development was released....Great Northern will sponsor tournament basketball games of Fort Kent High School as well as those of Millinocket, East Millinocket and Sherman area teams....A contribution was made to the Aroostook Valley Health Center in Ashland....CBS News Reporter Don Kladstrup called today to make arrangements to get television footage of a paper company and woods harvesting for a report on the Indian claims. He plans to visit Millinocket February 21.

Sincerely,

[Signature]

pmc/b
Mr. Robert J. Shinners  
Vice President-Operations  
Great Northern Paper Company  
Millinocket, Maine 04462

Dear Bob:

The newsletter for the Public Affairs Department for the week ending March 4 follows:

**The Big News**

March 1 was the deadline for the Justice Department to inform the District Court of plans for dealing with the claims of Maine Indian tribes.

The day before in Washington and in Portland, where the court is located, the Department reported the Federal government would have "no choice" but to sue the State of Maine if the issue isn't settled. The Court was asked to permit a delay until June 1 while a special representative of the President seeks "an amicable settlement for submission to Congress." In a 15-page report, the Department again said "only Congress can correct past injustice to the tribes without causing new hardship to other citizens of Maine." Reporters interpreted the scope of the modified land claims outlined in the Justice Department papers as covering five million acres (previously estimated at 12½ million), most of it in the Penobscot watershed but also lands in the St. Croix area in eastern Maine. Great Northern is the major landowner in the Penobscot region.

The validity of other claims is being researched, the report said. If a court fight is necessary, the Federal strategy "contemplates a lawsuit against a limited number of major landowners holding lands in the Penobscot and St. Croix watersheds and in those portions of the St. John, Dennys and Machias watersheds which are found to be included in the claims area."

Gordon Manual of WABI-TV in Bangor interviewed banker Bill Bullock on February 28. Here's what they had to say:

"Today's decision doesn't provide much of a tranquilizer for the major paper companies who provide the economic base in the state. The Indians are still planning to push ahead for their land and property. William Bullock, a Bangor banker who heads up a task force for the governor involving economic implications of the Indian land claim suit, had this reaction during an interview on today's development."

Millinocket, Maine 04462. (207) 723-5131 Ext. 228
The Big News (continued)

Manual: "Mr. Bullock, it seems by today's decision by the Justice Department and the announcement by the White House that a great number of Maine people are being let off the hook as far as the Indians land claims case is concerned but the major industry, the paper industry, is still left on the hook. Do you see a great deal of politics in today's announcement?"

Bullock: "Well, Gordon, I don't know for a fact but certainly it would indicate it seems to me that the paper companies or individual land owners in the unorganized townships have owned their land in good faith for 180 years just like I've owned my house in Bangor. Why should they be treated differently from the run of the mill people in the state?"

Manual: "Are you happy with today's announcement?"

Bullock: "Well, on the whole I think it's very positive and it's part and parcel of what the Governor and our Congressional Delegation asked for three weeks ago. We have a three months extension by the Justice Department of litigating the claims to give the Congressional Delegation time to introduce legislation. We now have the White House involved which they asked to have and the important thing here is Gordon, it says here, that the White House will be involved with a negotiator to negotiate legislative solutions in Congress. That means that it is Congress that is going to pay and not the people in the State of Maine."

On the CBS-TV news which followed, Don Kladstrup reported "the biggest loser could be the pulp and paper companies that occupy big chunks of the disputed lands." Kladstrup and a two-man video tape crew toured the West Branch region February 23. Views of Great Northern timber harvesting operations, trucks hauling tree-length wood and the beautiful scenery of the timberlands were used as background for the Kladstrup report. Kladstrup also interviewed the Millinocket couple who threatened not to pay their mortgage in protest against the land claims. Mrs. Pat Norris said "I think this is something that happened 200 years ago. I didn't do it. You know, you and I as the white middle class Americans, all we do is have to take care of this minority or that minority. And nobody really ever thinks about us." During the week, we also talked on this subject with Paul Reynolds and David Bright of the Bangor Daily News, Joe Egenlhoff of the Chicago Tribune, Bill White of the Publishers Auxiliary, Lisa Dougherty of Newsweek Magazine -- answering questions but trying to stay away from speculation. Responding to questions from a Portland reporter, Attorney Donald Perkins, who is representing Great Northern, said "We're making preparations for litigation if it should occur, but we don't know if it's going to occur." That isn't the kind of stuff editors hang headlines on, but it's about all one can say.

Veteran Washington correspondent Don Larrabee reported "some bitterness erupted behind the scenes" when the Justice Department briefed members of the Maine Congressional Delegation, Governor Longley and Attorney General Brennan on its plans a few hours before making its report public. Longley reportedly called the report a "sellout." (Later in the week the Governor retained famed trial attorney Edward Bennett Williams to advise him on the matter. Longley also wrote President Carter saying the Indian claims should be settled out of court and limited to money damages. He told the President Maine might fare better "if we were a foreign country with our own embassy" in Washington.) Congressman Cohen was quoted as
The Big News (continued)

saying "the Federal government has waited 180 years before bringing this
suit and now they come in as an avenging angel." Senator Muskie said
"the United States failed to discharge its responsibility....we're left
on our own." Staff members of the Delegation say members were disappointed
that the Justice Department just dumped the whole problem on the State of
Maine but say the press extravagated the situation in reports published
in Maine. On March 1 the Delegation members filed a bill which would
limit the Indians to a financial settlement. If this happens, the issue
will be in the courts for years, the Indians threatened. They also warn
they will sue homeowners in disputed areas.

Out of state reporters found non-Indians near reservations increasingly
bitter about the situation. A pollster in Southern Maine, however, found
"a lot of sympathy" for the Indians. In an editorial, the Bangor Daily
News urged readers to stay cool, saying "Yet we mustn't panic. It is too soon
to talk secession and too soon even to march on the seat of legal lunacy, the nation's
capitol, from whence tax-supported lawyers seem to delight in plotting ways to add to
our daily burdens and civic anxieties."

The next move will be in the White House when President Carter names his
special representative.

THE LEGISLATURE

Writing in the Houlton Pioneer Times on March 2, Senate President Joe
Sewall says tax reform still promises to be one of the major issues facing
the 108th Legislature but "until our Taxation Committee has had the
opportunity to hold public hearings and review the new tax proposals
thoroughly, we are really not in a position to make definite judgments
on how to best improve our tax structure." There's no sign in Augusta
of when this crucial activity will take place. The third floor of the
State House continues to be a leisurely place to circulate. The big
issue in recent days has been the legal drinking age.

On March 9 the Public Utilities Committee will hold a public hearing on
a proposal to repeal a portion of the Mill Act, the law dealing with the
rights of dam owners to flood upriver property. Lynwood Hand is closely
monitoring this legislation.

Bob Moore, attorney for Associated Industries of Maine, has circulated a
letter asking for comments on a draft of legislation proposing state
valuation of major industrial plants. He also reports that the State
Tax Assessor is insisting on a 76 cents-per-barrel tax level in dis-
cussions over a draft of legislation to substitute a per barrel tax
for the sales tax on industrial oil. Today Great Northern is paying 63
cents per barrel.

On other fronts, the AIM attorney says the outlook is the "best in years"
for tightening up on benefits available under the Unemployment Compensation
Law. The unions have reacted with a stepped-up lobbying effort. The
legislation proposing a .3 increase in the state unemployment tax still
has not been filed. It's an administration bill and can be sent to the
Legislature at any time.

Dana Saucier and I met March 2 with legislators from northern Maine,
the director of the Northern Maine Vocational Technical Institute at
Presque Isle and lobbyists from three companies. It was agreed that an
effort will be made to increase the Institute budget to provide for a
woods harvesting training program.
THE WEST BRANCH

On February 23, Bob Bartlett, Paul Firlotte, Bob Hellendale, Vic Mattson and I met with Dick Barringer, Herb Hartman and Lee Schepps to discuss the West Branch region. In January at a meeting in Rockport, Barringer said the place to start planning for the recreational use of the timberlands of northern Maine was in the Penobscot region. The February 23 meeting was the result of his comments. We agreed that Great Northern would cooperate with the Bureau of Parks & Recreation of the Conservation Department in a study of the Penobscot region starting in June. Barringer said he is "more confident the people of this state can be served if the state and the Company can work together" in developing an alternative to Federal designation of the area as part of the National Wild & Scenic Rivers System. Bartlett and I will be the GNP contacts for the study. Commissioner Bill Adams of the Department of Environmental Protection and Deputy Commissioner Henry Warren joined the group while Vic and Paul outlined plans for the hydroelectric site study. A news release on the study was issued February 25 and used essentially intact in the Bangor and Millinocket papers. An Associated Press condensation was used in all other Maine papers and reported throughout the state on radio and television. Only a few days before Senators Muskie, Hathaway and Congressman Cohen had angrily reacted to President Carter's decision to drop from his budget funds for planning the Dickey-Lincoln hydroelectric project. Congressman Emery, who opposes Dickey-Lincoln, at this time favors a GNP dam project.

MEETING WITH SENATOR

With Bob Bartlett, Henry Deabay and Tom Pinkham, we plan to discuss woods labor problems with Senator Hathaway in Bangor on March 18.

PUBLIC RELATIONS

An advertisement in a special basketball section of the Katahdin Times was approved as well as another in the annual Millinocket Players booklet published by the Kiwanis Club.

Several news releases and photographs on promotions were distributed.

Comments from Paul DeMarrais on the first draft of a script for a multimedia 35 mm slide presentation covering GNP were sent to the advertising agency. Our goal is to screen the slide show by the end of the month. It will be designed to acquaint customers and other visitors with the Company's operations and markets in ten or twelve minutes.

Sincerely,

pmc/b
Mr. Robert J. Shinners  
Vice President-Operations  
Great Northern Paper Company  
Millinocket, Maine 04462

Dear Bob:

The newsletter of the Public Affairs Department for the week ending March 11 follows:

"NOW, WE'VE GOT TO GET AT IT"

Senate President Joe Sewall made that comment on March 8 in Augusta. The Old Town Republican and House Speaker John Martin walked over from the State House to chat and lunch with directors of Associated Industries of Maine. Over 200 businesses, large and small, are members of the conservative organization. Two dozen directors meet once a month, devoting most of their time to discussing ways to fight new taxes or new regulations. Lately they have been inviting leaders in state government to join them for lunch. It's part of a more aggressive governmental relations effort.

When Martin arrived he had in a coat pocket a copy of the Supreme Court's reply to questions from the Legislature. Six weeks ago legislators asked the Court for an opinion on what it could, and could not, do while a citizen-initiated bill is before them aimed at repeal of the state's uniform property tax. The Court said the Legislature could lower or raise the tax rate for the year beginning July 1, but had to do it before the statutory April 1 deadline for setting the rate unless it changes the deadline.

That's why the Senate President said the time has come to "get at it." He said the Legislature has been "treading water" but now he looks for a "pretty hot debate." Martin says it is a very difficult problem. If state aid is cut, he said towns like Millinocket would just increase Great Northern's taxes. In Eagle Lake, Martin's home town, "there would be no choice but to cut back on the quality of education." Sewall said that there are other "fairly tough" financial problems -- finding the money to reimburse towns for revenue loss with repeal of the inventory tax, financing pay raises for state employees, and the needs of the University of Maine.
On March 9, Education Commissioner Millett walked a tight rope before the Appropriations Committee -- he and the Governor disagree -- in standing by his department's estimate that $290.6 million is needed in the coming fiscal year for education in Maine. Longley says $268.6 million is enough. About half of the final figure will come from the controversial uniform property tax. In talking with the AIM board, Martin, himself a teacher, said many school superintendents feel that Millett's figure is dangerous because it is too low. In the current budget year, the total is $265.5 million.

A repeat of 1976 is now in prospect with the powerful education lobby going first to the state financial well. When that happened before, the state employees didn't get a raise. The University had to hold the line. An $18 million increase in the personal income tax provided, however, the dollars for education.

Chances of a major tax reform are fading, both Sewall and Martin indicate. Martin won friends in the AIM group when he was sharply critical of Governor Longley's proposal that the state assess industrial properties valued at over $10 million. Martin predicted it would mean a "worse mess than we have now....it could be a disaster." He doesn't understand how fair and uniform results can be obtained when the state does part of the job, the municipalities the rest.

What's going to be the impact on Great Northern?

Don Collins, the able Senator from Aroostook, wrote in his home town newspaper that a one per cent increase in the 7 per cent corporate income tax is going to be required to help solve the void created by abolishment of the inventory tax on March 31. Based on 1976 estimates, this one step would mean a $300,000 increase in Great Northern's tax bill in Maine. Last year the Company paid over $11 million in state and local taxes.

"If we find the money to solve the problem created by the elimination of the inventory tax, the rest of the financial package will fall into place," predicts William Garside, the Legislative's administration chief. Maine's constitution requires a balanced budget.

**The Legislature**

Lynwood Hand and Paul Firlotte teamed up on March 8 to oppose repeal of portions of the Mill Act, a state law dealing with the rights of a dam owner to flood upriver property. Joining Great Northern in opposing the proposal were representatives of the state's three power companies and the S. D. Warren Division of Scott Paper Company. Freshman Representative Barbara Trafton introduced her husband, a college student, who contended the philosophy of the law is out of step with the times. They had the support of Public Utilities Commissioner Lincoln Smith. Hand questioned tampering with this basic statute. Firlotte explained the role of the company's hydroelectric system in these times of energy shortages and escalating costs. The Committee is reportedly ready to unanimously report that the bill should be withdrawn. If so, it's dead.
The Legislature (continued)

While in Augusta, Firlotte (the fourth person to join Hand for a couple of days) briefed State Energy Director Abbie Page and Energy Committee Chairman Howard Trotzky of Bangor on plans for the West Branch hydro-electric study.

On March 16 the Natural Resources Committee will hold a public hearing on a $30 million bond issue for the construction of pollution abatement facilities.

On March 17 the Labor Committee will consider three pieces of legislation supported by Associated Industries of Maine and designed to tighten up benefits under the unemployment laws. Governor Longley has joined the ranks of those supporting L.D. 143, an AIM-backed proposal dealing with voluntary quits and misconduct discharges. "The perceived abuses of this system by the public stems from the public's dissatisfaction with a system that provides compensation benefits to persons who voluntarily quit work without good cause attributable to their employment," the Governor wrote Senator McNally, chairman of the Labor Committee. Labor is fighting to turn the tide but AIM lobbyist Bob Moore says this looks like the session when the Legislature will tighten up on benefits.

Moore also reports AIM is running into difficulty trying to find common ground on a proposal for a cents-per-barrel tax on industrial fuel oil to replace the sales tax. State officials say it has got to be at least $.73 per barrel to avoid a revenue loss. Some companies have told Moore they would accept a $.75 per barrel tax and others (including Great Northern) say no more than $.65. "If it is impossible to properly fix a figure on such an excise tax, I feel that AIM might be advised to swing its support to a bill which would simply establish a maximum price on the sales price itself." The State Chamber of Commerce is reportedly primed to advocate such a proposal.

THE INDIANS CLAIM

The Sunday Chicago Tribune did not print, as we had been led to expect, an article on the claims of Maine Indians. But articles showed up, as expected, in Time and Newsweek magazines. Members of the staff of Congressman Cohen say the Maine man was unfairly treated in the Time report -- and Cohen told the magazine's editor that. He was linked with the "whiteneck" backlash, the magazine detected in Maine. On March 9, Tom Tureen, attorney for the tribes, made headlines when he called the Maine Congressional Delegation's bill designed to solve the problem "the worst bill I've ever seen." If approved by Congress, the Indians would be limited to financial settlement. Tureen says if it passes the Indians will "go out and sue everyone they can find." The young attorney speaks March 17 at a Husson Business Breakfast.

CONE BURNERS

Directors of the Maine Forest Products Council on March 9 approved a letter which Executive Director Joe Lupsha will send the Environmental Protection Agency urging it to permit the continued operation of wood waste cone burners in Northern Maine. Copies will go to all members of the Congressional Delegation. State law permits the burners used in the forest products industries but the EPA hasn't gone along with the State Board of Environmental Protection. The Council is at odds with the Conservation Department on plans to abandon the Greenbush tree nursery and what they view as a cut back on the service forester program.
**CALL OF THE WEEK**

Business Reporter Frank Sleeper called March 8. The Portlander had just learned of Great Northern's new price policy for Maine newspapers. Sleeper first said he had been told the change was linked to the Federal price-fixing investigation. After I told him he was way off base, Sleeper concluded "it must have been as a result of the Georgia-Pacific competition." I complimented him on his analytical abilities. A story on this subject appeared in today's Portland Press Herald.

"**COMMON SITUS**"

Letters were drafted to members of the Maine Congressional Delegation again putting Great Northern on record against legalization of common-site picketing practices, giving unions the right to picket -- and potentially close down -- entire construction projects in protest of the actions of individual contractors. A Presidential veto blocked a similar bill last year. This year it is anticipated that Congress will quickly approve legislation and it will be signed by the president. Industry, however, feels it must speak up on the critical issue.

Sincerely,

pmc/b
Enclosure (PIIO newsletter)

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Mr. Robert J. Shinners
Vice President-Operations
Great Northern Paper Company
Millinocket, Maine 04462

Dear Bob:

The newsletter of the Public Affairs Department for the week ending March 18 follows:

**Mr. Tureen Speaks**

Q. Don't the paper companies and other large landowners have constitutional rights?

A. I assume they have constitutional rights. The tribes are not trying to punish anyone. They do not want land confiscated.---Tom Tureen

The young attorney who represents the Passamaquoddy and Penobscot Indians spoke March 17 at a Husson College Business breakfast. Tureen flew in his private plane from a speaking engagement at Princeton University to Bangor but was delayed by high winds, arriving at the breakfast a few minutes late. He was calm and confident in a blue suit and a white shirt and necktie. His appearance attracted the largest turnout in the history of the Husson series. There were landowners (George Carlisle, Brad Wellman, Andy Nixon and others), bankers, railroad executives, municipal officials, educators, students, and a swarm of newspaper and television people -- 400 people in all. Carlisle, who said he had a three-hour talk with Tureen last year, came to hear him again because "he is a very charming, intelligent guy." Banker Arthur Comstock had heard Tureen speak before in Millinocket and agreed with Carlisle. Tureen spoke quietly for nearly 30 minutes, delivering what he described as a "briefing" before questions. He got a lot of questions -- all of them serious.

If you believe Tureen, the issue has been resolved and the real question now is how much, or what, the Indians will get as damages.
Tureen (continued)

The key to the matter, Tureen said, was the determination that the Non-Intercourse Act applied to Eastern Indians. He said that it was significant that neither the Federal nor state government appealed a ruling that the 1790 law was applicable.

All that needs to be proven now, Tureen said, are "well established" facts: (1) the Indians constituted tribes, (2) they had aboriginal lands, and (3) the lands were taken without federal approval.

"The kinds of defenses expected to defend positions in this sort of case have been futile in similar cases in southern New England," Tureen said. He later explained he was talking about adverse possession and the matter of how claims have been pressed by Indians -- against one owner and not all owners.

Tureen took another strong poke at Governor Longley, Attorney General Brennan (who will speak later in the series) and the Maine Congressional Delegation. They have been trying to limit the Indian claims to a financial settlement. If the rights of "two small, powerless tribes" are taken away, everyone is threatened, Tureen said.

The issue is one "best settled outside of courts" in a manner which permits everyone "to continue to live together," he said. "I don't know where we are headed. If it's court, that's fine with us. We are at a crossroads." Earlier he had stressed that the offer of the Indians to negotiate is "made from a position of strength."

In answer to a question, Tureen says he isn't worried over being an owner in the area claimed by the Indians. And, the Attorney added, he has paid his taxes.

THE INDIANS (CHAPTER II)

For the record, there were these other developments:

William B. Gunter, a retiring justice of the Supreme Court in Georgia, was appointed by President Carter as his special representative in the case.

On March 5, Congressman Cohen again asked that the House proceed with hearings on legislation filed by the Maine Congressional Delegation. (In Bangor, Tureen said that Congressional leaders who deal with Indian matters had decided it was not appropriate to hold hearings while the White House was seeking to negotiate legislation to settle the matter. Tureen said Senators Hathaway and Muskie had accepted a delay.)

The same day in Augusta Attorney General Brennan said there's "been no offer from the Indians" to bargain. He denied a Maine Sunday Telegram story. Brennan said his office approved of U.S. Justice Department plans for protecting small businessmen and homeowners from the suit, adding, according to a wire service report: "The major companies are equally innocent, if there is wrongdoing, and we assert there isn't. Don't forget, it's that large paper company, that big guy, who employs the small guy so he can earn a salary to support his family."
The Indians (continued)

On March 17, the Portland Press Herald disclosed that the American Indian Policy Review Commission is sitting on a report which says the Maine Tribes have a strong claim. The Commission's final report to Congress is due in mid-May but the section on this state has been held up at the request of the Maine Congressional Delegation. The Commission is an investigating arm of the Congress.

This week Don Battle of the U.S. News & World Report was in Millinocket on the story and we talked with him. Calls from Jan Larsen of Christian Century Magazine in Chicago, Susan Caldon of the Penobscot Times in Old Town and Lyle Denniston of the Washington Star (referred to me by Bob Rose, press secretary for Senator Muskie) were also answered.

THE ROUND POND THOROUGHFARE BRIDGE

Building a bridge in the timberlands of Maine today requires permits from several state and federal agencies. One is the U.S. Coast Guard. Trying to head off the possibility of having to go through the time consuming (some say as much as 18 months) Environmental Impact Statement process, we called Lee Schepps and Herb Hartman of the State Department of Conservation. They went quickly to bat, in favor of the project, first calling the Coast Guard in Boston and following up with a letter. Hartman also went to the State Department of Environmental Protection and asked that they expedite their approval. Both Hartman, and Schepps, who heads up the Bureau of Public Lands, see the bridge as a necessity. "A new bridge in another location might be a problem. This one isn't," Hartman says. The Bureau of Public Lands controls Township 6, Range 11 from which stumpage has been sold by the State to support the functions of the Bureau. Wood from the town goes to mills over the bridge. Lawrence Stuart, the man who helped write the law which created the Allagash Wilderness Waterway, says that there was never any intention of eliminating the bridge.

VISIT WITH HATHAWAY

With Tom Pinkham, Bob Bartlett and Henry Deabay, we are spending a half hour March 18 discussing the woods labor situation with Senator Hathaway in his Bangor office. We asked for the meeting after the Senator had issued a news release saying he found it hard to understand the need for Canadian labor in the Maine woods with unemployment running high in Aroostook County. It was planned to ask that the Senator oppose changes which would make it more difficult to obtain Canadian cutters. If he isn't prepared to do that, we were to urge public hearings on the controversial subject. If the meeting produces any results, we will report next week.

THE LEGISLATURE

A week ago we reported that legislative leaders said the stage was set for action on a key issue -- the uniform property tax and the related subject of school financing.

On Wednesday, March 23, at 1 p.m. at the Augusta Civic Center, the Taxation Committee will hear all uniform property tax bills as well as a tax reform package in what will be a marathon hearing. A bill which would exempt small loggers from workmen's compensation insurance will be heard Thursday by the Labor Committee in another round of hearings. The same
The Legislature (continued)

day the Transportation Committee considers legislation requiring red reflectors at night on long logs overhanging vehicles by 5 feet or more.

On March 17 organized labor turned out over 500 men and women for a public hearing on three bills designed to tighten up the benefits available under the Unemployment Compensation law. They hooted when a letter was read from the Governor urging passage of two of the measures, which as reported last week, have a good chance of passage according to Associated Industries' representatives at the State House.

This week saw members of the Appropriations Committee surprised by Conservation Commissioner Barringer's request to up the tab for budworm spraying beyond the initial request. It had been anticipated that cost savings would result in a revised estimate reducing the total. A special subcommittee is looking into the matter. Lynwood Hand is watching developments.

Mr. Hand is exploring legislative solutions to an Apprenticeship Program issue created by the Human Rights Commission Law. Federal law exempts such programs from age discrimination statutes. Hand has talked with AFL-CIO President Ben Dorsky, a veteran Augusta lobbyist.

Bob Moore, an attorney retained by Associated Industries, says that he has given up ever drafting a bill to substitute an excise tax for the sales tax on industrial fuel oil. The State Chamber of Commerce per-barrel-tax proposal for a $15 "ceiling" for sales tax purposes may be the answer. It would provide no relief until the price of oil reaches the $15 per-barrel level.

Mike Collins of the Pinkham Company flew to Augusta today to discuss wood scaling legislation with House Speaker John Martin who will sponsor changes in the law.

PUBLIC RELATIONS

Ron Fisher of the National Geographic Society called asking for information on the history of the Allagash Wilderness Waterway. He asked if paper companies opposed the Waterway when it was first created. I answered yes --- owners of Maine timberlands opposed the first concept covering hundreds of thousands of acres. The Waterway, as it is now constituted, was an acceptable compromise in the face of a Federal take-over.

Mary Anne Lagasse, the local Bangor News correspondent, came searching for a last-minute story on Great Northern to fill a hole in the newspaper's industrial edition. She wrote a piece quoting from Bob Hellendale's newsletter reporting to employees on 1976 with some updated statistical information. Mrs. Lagasse also asked for an aerial view of the waste disposal area operated by the Company in East Millinocket (she saw it at town meeting). We provided it both to her and other local papers with a caption. Finally she came seeking a story on the Great Northern grant to the Maine Council on Economic Education which will permit 30 teachers to visit industries, businesses and timberlands in the state as part of a three-week workshop at the University of Maine.
Fred Clough of Ad-Media spent two days in Millinocket with Roger Boynton working on a 35 mm slide show on Great Northern.

The whole world knows Stearns is the basketball champion of Eastern Maine. As a result, we contributed $200 for a dinner for the team and the cheer-leaders. Congratulatory advertisements were co-sponsored in local papers. A contribution was made to permit a Stearns student to attend Girls' State. The Pinkham Lumber Company donated $100 worth of lumber to the Boy Scout television auction. We also agreed to co-sponsor advertisements for the open house for the new wing of the Millinocket Community Hospital, March 26-27.

We talked with Chris Spruce of the Bangor Daily News regarding factual errors in a story in which Wayne Birmingham of the Maine Woodsmen's Association was quoted as saying Canadians were drawing $1 million in unemployment -- most of it going to loggers. Spruce thanked us for the information. While Spruce knows he is criticized for writing frequently on material generated by Birmingham, the reporter says he throws as much in the wastebasket as he uses.

Sincerely,

Paul

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P. I. Firlotte     D. J. Krohn          I. P. Phelps         P. H. Welch
                 W. E. Lloyd          T. S. Pinkham         P. F. Yacavone
Mr. Robert J. Shinners  
Vice President-Operations  
Great Northern Paper Company  
Millinocket, Maine 04462

Dear Bob:

The newsletter of the Public Affairs Department for the week ending March 25, 1977 follows:

**AUGUSTA**

The tempo was picking up in the Legislature.

This weekend members of the Appropriations and Taxation committees were still at the capitol wrestling with the problem of school financing. Lynwood Hand says that it appears the Legislature will accept the recommendation of Commissioner Millett that total spending for public schools be $290.6 million in 1977-78. Local superintendents have been complaining that this isn't enough and Governor Longley has said $268 million will get the job done.

The conflicting views were heard during a marathon public hearing March 23-24. Next week, on March 30, the Taxation Committee will consider House Minority Leader Linwood Palmer's plan to revise the state program for support of local schools. At the same hearing bills to repeal the uniform property tax will be heard.

Hand sees the possibility of a tax increase, maybe only a boost in the "sin" taxes on tobacco or liquor, but possibly a hike in the corporate income tax.

Unless the deadline is changed from April 1, the crucial debate on school financing is just ahead.

Oakfield District Superintendent K. Y. Hodsdon spent two days at the State House with Mr. Hand this week, the fifth person to join him for two days under the company's legislative program.

There were no changes on other matters being monitored by Mr. Hand. He talked further with AFL-CIO President Ben Dorsky who now says he is agreeable to amending the Human Rights Commission law to permit continuation of apprenticeship programs.
ON A STORMY DAY

A spring storm cut attendance in half and prevented Bob Hellendale from participating in the Governor's Conference on Economic Development at Orono. Al Tozier and Ed Thomas of St. Regis Paper Company filled in for Bob and Bill Copeland of McKay-Shields who couldn't get beyond Providence, R.I., because of weather conditions. Tozier cited the fact that $11 of the $17 million being paid by GNN in state and local taxes is being paid in Maine and also discussed wood costs. Ben Haug of Scott and Hank Magnuson of the Paper Industry Information Office were also panelists.

The Governor came for lunch and said businessmen are "not listening to what I am saying." He said his proposal that the decision to tax inventories be made by cities and towns should be just the first of such steps because "we have more control over our destinies" at the local level. He again said Maine must hold the line on taxes if it's going to grow.

An energy panel composed of Henry Powers of C. H. Sprague, Skip Thurlow of Central Maine Power and University of Maine Professor Dick Hill was the hit of the day. Said Powers: "The best favor the Arabs could do for us would be to double the price of oil. Then you would see development of alternative sources of energy. You would see the Seabrook nuclear power plant approved. You would see offshore oil development."

SURPRISE

Congressman Bill Cohen and Dave Emery on March 23 joined colleagues in killing legislation which would have permitted workers of a single construction union to shut down an entire project site. The vote, 217-205, was a surprise. A few months ago those in the know in the capital were saying passage of the common situs picketing law was inevitable with a Democratic Congress and a Democratic president. Cohen wrote "While I support a union's right to picket the particular firm involved in a dispute, I do not believe that a union should be permitted to interfere with the work of other craftsmen or employers who are neutral in the grievance. I am also concerned that H.R. 3500 (the common situs bill) lacks sufficient safeguards protecting the rights of non-union employees." Emery wrote "It is my opinion that common situs picketing would result in secondary boycotts by non-involved individuals. Therefore, I will not support H.R. 3500 should it come to the floor of the House for a vote."

THE INDIANS (CONTINUED)

When Congressman Cohen on March 22 said he was drafting a bill proposing that the U.S. Court of Claims be asked to determine an equitable financial settlement for the Maine Indians, Senator Hathaway quickly commented it would be a violation of House rules to do so. Hathaway late last week became the first member of the Maine Congressional Delegation to endorse a negotiated settlement.

In the second of a two-part series, Lyle Denniston wrote in the March 21 editions of the Washington Star "They (the paper companies) would be the prime target of a lawsuit, however, if attempts to find a negotiated settlement fail, and the Justice Department went to court to get lands back for the two tribes. The Indians have made it clear that they are aiming at the big landowners, not homeowners or small businesses. It
Indians (continued)

is part of their strategy, in fact, to stress that they have picked a

target that is big enough to handle the claim without disrupting life

in Maine." Great Northern's importance in the Maine economy was dis-

cussed in the article as well as the low profile the paper companies

have been maintaining.

The only new questions on the subject came from the British Broadcasting

Company which had a television crew in Maine. George Carlisle was inter-

viewed by a BBC reporter.

A Divided Family

On March 24 a mutual friend invited us to drive to Willimantic to visit

with Burt Packard who operates a sporting camp on Sebec Lake. Mr.

Packard is upset over the fact that his son of the same name wrote

a letter to the Bangor Daily News, the Moosehead Gazette and Maine

Times in which Great Northern was criticized for planning a dam on the

West Branch. Packard told me he favors a dam. We are waiting for a

copy of a letter he was planning to write. In the letter, Great Northern

was accused of planning to destroy "this river so that it can make a

few more cents on a roll of toilet paper." The senior Packard says

his son and Wayne Hockmeyer are behind the organization of the Society

to Protect the Penobscot and Kennebec Rivers, Inc. Hockmeyer is in

the white-water rubber raft business. Last year he started with trips

on the Kennebec. This year he is planning weekend trips on the West

Branch.

Public Affairs

Dissatisfied with a namby-pamby letter written to the Coast Guard by

State Parks Director Herb Hartman, we asked Public Lands Bureau Chief

Lee Schepps to write another to the Coast Guard on the Round Pond

Thoroughfare Bridge. Schepps agreed. We asked him to stress the

public benefits which result from the bridge. We will see if he does

a better job than Hartman.

Contributions were made to the Maine Cancer Society, Camp Susan Curtis,

Millinocket Youth Hockey Association and Island Falls High School.

Advertisements were sponsored in the two weekly newspapers and on WMKR

on behalf of the Millinocket Community Hospital Open House, March 26-27.

We helped with planning the event, marking completion of the new wing.

At a meeting of the Communications Committee of Associated Industries

of Maine, an April 26 taxation seminar was planned. Speakers will

include key legislators (Linwood Palmer, Ben Katz and Spike Carey),

retired State Tax Assessor Ernest Johnson, Maine Municipal Association

Director John Salisbury and Attorneys Mike Healey and Bob Moore. The

session will be limited to 40 people. It will be announced in the next

AIM newsletter.

The wife of a Bangor attorney would replace another Bangor attorney on

the State Board of Environmental Protection if the Legislature approves

an appointment by the Governor. Mrs. Wilma A. Bradford has been

nominated to replace John E. (Pete) Hess who resigned because of a lack

of time for the state activity.
Enclosure

Enclosed is a copy of the recently printed state transportation map.

Sincerely,

Paul

pmc/b
Enclosure

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Mr. Robert J. Shinners  
Vice President-Operations  
Great Northern Paper Company  
Millinocket, Maine 04462

Dear Bob:

The newsletter of the Public Affairs Department for the week ending April 1 follows:

**CORPORATE INCOME TAX INCREASE?**

Lobbyists representing the business community did not like what they were hearing this week in the halls of the Legislature. There was talk of an increase in the corporate income tax. Bob Moore, the attorney who represents Associated Industries of Maine, asked President Galen Cole to write members a letter sounding the alarm. "Even some of our friends, the conservatives, think a little increase in the corporate income tax won't do any harm," reported Great Northern's Lynwood Hand. While these developments do not come as a surprise, they are another sign that the time has come when hard decisions are going to be made in Augusta.

Legislators have been told that there will be only $9 million left for new programs if they follow the school financing recommendations of the Appropriations Committee. And $9 million isn't even enough to reimburse towns and cities for revenue lost from repeal of the business inventory tax, $14 million. State employees want a raise and if approved it would cost at least $3 million. The University of Maine is seeking several million dollars. Exempting gas and electricity used in the home from the sales tax has a $3 million price tag. Governor Longley has proposed $4 million in new programs, such as providing free drugs for the elderly.

Moore said three possibilities were being talked about -- a $10 million hike in "sin" taxes proposed by Senator J. Hollis Wyman, a one per cent increase in the five per cent sales tax which would bring in $30 million, or increasing the corporate tax. Last year legislators found $18 million for school financing by raising the income tax for those in the middle and upper income brackets. Some of the same philosophy is evident in Augusta when people talk about raising the corporate tax which is at the seven per cent level.
Tax Increase (continued)

They are suggesting a progressive tax under which companies with taxable income under $100,000 would continue to pay at the existing rate while larger companies such as Great Northern would pay at a higher rate, some even discuss ten per cent. There are 450 companies with taxable income over $100,000. Moore says he has been told by the State Bureau of Taxation. AIM, at this stage of the game, is solidly opposed to any tax increase.

A one per cent increase in the corporate tax would bring in an estimated $4.3 million to the state. A one per cent increase means more than $300,000 to Great Northern. Today this division in Maine is paying $11 million of the total $17 million being paid by Great Northern Nekoosa in state and local taxes -- approximately two-thirds of the taxes on one-third of the assets.

On March 30 House members rejected, 87-57, a proposal to repeal the uniform property tax. It will take 101 votes to approve a school financing program. If it isn't repealed, a referendum will be held next fall as required by the successful petition drive by opponents. So the name of the game by those in the Legislature who oppose repeal is to put together a package attractive enough to blunt public endorsement of repeal. They now have until April 15 as a result of a vote extending the legal deadline for 15 days.

Also in Augusta

On the legislative scene there were also these developments from Lynwood Hand:

The Appropriations Committee rejected Conservation Commissioner Barringer's proposals for financing the spruce budworm control program. The committee voted to add $200,000 in "state" funds, reducing the tax landowners must pay from $.31 per acre on softwoods to $.28 and from 16 to 14 cents per acre on mixed wood. We've contended that the 1977 proposal by Barringer did not reflect a fair state share. We've also been critical of "fat" in the program.

The Public Utilities Commission held up a report on the proposal to repeal the Mill Act until a face-saving study order is drafted. It will block repeal.

Both Mr. Hand and Ben Dorsky of the AFL-CIO are still looking for a bill on which to tack an amendment eliminating apprenticeship programs from the jurisdiction of the Maine Human Rights Commission.

With guidance from Paul Firlotte, Mr. Hand is drafting an amendment which would eliminate the need to obtain annual state licenses for all GNP dams. Such facilities are already licensed by the Federal government. The amendment is agreeable to the state agencies involved. If successful, the move will eliminate considerable paperwork.

Representative Don Hall of Sangerville, who is close to Wayne Birmingham and the Maine Woodmen's Association, tells me he has decided against filing a bill to regulate clearcutting. Birmingham has been quoted in the newspaper as saying it was a key bill for the MWA. Hall says he doesn't think a man, or a company, should be told what to do on its own land. Hall expects a Bureau of Forestry study on the subject.
Augusta (continued)

Next week the Maine Forest Products Council will oppose Barringer's plans for reorganizing the Department of Conservation at an April 6 hearing before the State Government Committee. On the following day the Labor Committee will hear two proposals, one which AIM will support because it clarifies the workmen's compensation laws and the other which the association will oppose because "it would further broaden the areas of perceived abuses" according to Mr. Moore. The second bill is sponsored by Senator Pray at the request of Ben Dorsky.

**Another Issue**

John Salisbury is the able director of the Maine Municipal Association. The towns and cities he represents are looking for more tax dollars. Salisbury himself has never understood why taxes on forest lands in the unorganized territory are not higher. He has said so time and time again. Such lands and all such property in the state are now taxed equally at 10 3/4 mills with the rate modified on those areas covered by the Tree Growth formula. Now Salisbury has been identified as the force behind L.D. 1212: "A Resolution Proposing an Amendment to the Constitution Allowing the Legislature to Impose A Different Rate of Taxation Upon Properties Outside Of Incorporated Municipalities and Plantations."

If approved by the Legislature and if approved by voters in a referendum, the amendment would allow the Legislature to set different rates for the unorganized territory. Salisbury contends that many towns are not raising the amount required under the Local and State Government Tax and there is the potential of illegal assessment. The State Government Committee headed by Senator Collins of Aroostook will consider the bill.

**In Congress**

Senator Muskie last week was quoted in the press as angry over the attitude of the House of Representatives on the issue of extending Federal financing support for water pollution plants. The House Public Works and Transportation Committee has reported out a bill which eliminates the Army Corps of Engineers' jurisdiction over virtually all waterways, and at the same time the bill extends the program of federal grants for municipal treatment systems. Muskie and Senate colleagues want to extend the financing program with an amendment to another bill. The key House vote is expected April 6. Bart Harvey is writing Congressman Emery and Tom Heyerdahl of the Cohen staff on the issue. Harvey has discussed the subject with both on woods tours. The Corps used to issue permits for alterations to 100,000 miles of shoreline; effective July 1 it must regulate such things as routine forestry and agricultural activities on nine million miles of river banks and lake fronts. Repeal now of Section 404 of the Federal Water Pollution Control Act is a major goal of the paper industry.

We wrote Muskie and Hathaway expressing Great Northern support for increasing the investment tax credit from 10 to 12 per cent as proposed by President Carter. Action has been delayed on the administration economic program until after the Easter recess.
In Congress (continued)

Senator Hathaway provided us with further information on the cone burner issue, a letter from the regional EPA administrator.

Bob Shinners wrote Congressman Emery and Cohen expressing our appreciation for their role in killing the Common Situs bill in the House.

Jerry Perkins provided members of the Maine Congressional Delegation with further information backing up our desire for economic incentives for hydroelectric development, the same kind which are being talked about to encourage conversion of plants from coal to oil.

"A PRACTICAL, NO NONSENSE GUY"

On March 29 in Washington, the retired justice of the Georgia Supreme Court who is representing President Carter in the Indian claims issue, met for the first time for 90 minutes with those involved. Justice William B. Gunter plans another meeting with a smaller group in the next several days as he seeks a solution. Members of the staff of the Maine Congressional Delegation were impressed by Justice Gunter. "He came across as smart, as a practical no-nonsense guy," said one who attended the meeting. "My impression was that I couldn't think of any one who could better fill the chair. He isn't going to ignore 200 years of history. If the Indians have a legitimate case, he will deal with it by recommending Congressional action." There is concern in the Delegation over a rift in the ranks. Don Larrabee reported on it today in the Bangor Daily News. Behind the scenes, Senator Muskie and Congressmen Cohen and Emery are at odds with Senator Hathaway. Emery (he is chairman of the delegation) is particularly bitter over Hathaway's going it alone and "playing politics" with the issue.

PUBLIC RELATIONS

With Paul DeMarrais and Roger Boynton, we went to Augusta March 29 to work with Fred Clough of Ad-Media on a slide-tape show on the subject of Great Northern. Our goal is a ten-minute production with 150 slides and a taped narration. Two projectors would be utilized. The target for a Millinocket run through is April 14.

U.S. News & World Report magazine published an article on the Indian land claims in its April 4 issue, including a picture of the Millinocket mill and quoted me on the subject. A Boston television station is sending a team into the state during the week of April 11 to do a special report on the subject.

After Frank Sleeper mentioned the possibility of a new paper machine being installed in Maine, Bruce Ellison of Monday called asking for further details. We told him the project is still in the study stage. We also confirmed that the annual meeting will be held in Millinocket on May 4.

Sincerely,

[Signature]

pmc/b
Mr. Robert J. Shinners  
Vice President-Operations  
Great Northern Paper Company  
Millinocket, Maine 04462

Dear Bob:

The newsletter of the Public Affairs Department for the period ending April 18 follows:

**No New Taxes...For Now**

If Governor Longley signs the school financing package produced by the Legislature, the business community has escaped new taxes --- for now.

Time was running out (the statutory deadline was midnight) on the evening of April 14, when Legislators quit agonizing over the issue and acted, approving:

- A $290.6 million level of financing for elementary and secondary schools in the year beginning July 1;
- An 11.5 mill uniform property tax rate;
- Up to 100 per cent reimbursement in 1977 for the $14.3 million lost by cities and towns by repeal of the inventory tax and 75 per cent in 1978.

The three-step program was a reversal from a week ago. At that time legislators were told only $9 million would be left for everything else if a $290 million level of spending were approved for education. Several things contributed to the change. Legislators were tired of the issue. Thanks to the corporate income tax, state revenues were $5 million ahead of estimates at the end of the third quarter of the fiscal year ending June 30. "Funny money" --- federal funds not yet approved by Congress --- was used to balance the compromise budget.
Taxes (continued)

A 12.5 mill rate had been scheduled to go into effect, down from the current 13 rate, and would have generated $28 million in new revenues because of increased state valuations. At 11.5, the tax is expected to still produce $16 million in additional income because of the increased valuations.

The Governor had indicated he would accept a $290 million level of school financing although he had suggested $262 million. Longley had offered $8 million as adequate reimbursement to towns and cities for the loss of the inventory tax revenues. Most people were betting he would sign the financing measure. In Sunday's newspapers, he gave no indication of what he will do but did brand the legislation, "a political decision because a few professional politicians and a few professional lobbyists dictated the decision on behalf of all the people of Maine."

Milton F. Huntington, veteran legislative observer and executive director of the Maine Petroleum Association, wrote his members on April 15:

"The bill, one of several compromise efforts, contains no new taxes, but leaves only $1.7 million to meet some $30 million in the lawmakers' pet project spending requests. Efforts to raise the corporate income tax and the cigarette tax went down to defeat, but some observers still expect moves to raise some kind of tax in spite of objections from the Governor's office."

Bob Moore, lobbyist for Associated Industries of Maine, reports:

"While some comfort can be taken from the rejection of the proposed tax increase, the business community is by no means assured of no tax increases...I am pointing this out to impress upon you the extreme importance of communicating to your representatives and the public the need to hold the line on any further business tax burden."

The session has over two months remaining. In addition to the "pet projects" Huntington mentions, there are demands for a raise from state workers, needs of the University of Maine and tax relief for the elderly, facing the legislators.

**ON THE OFFENSIVE**

In mid-March Great Northern representatives told Senator Hathaway that public hearings on the issue of Canadian labor in the Maine woods would be welcomed. The hearing came on April 14, with Hathaway presiding over a three-hour session. The Federal Court chambers in Bangor were packed with people involved in the forest products industry. Bob Bartlett, the first of 20 witnesses, told the Senator that the Great Northern,"has been vilified, our employees harassed and slandered, and our associates threatened" by leaders of the Maine Woodmen's Association. "Canadians are needed to cut wood in the remote forests on Maine; and the wood produced by a few hundred Canadians is providing economic benefits for thousands of Maine families with no adverse affects on Maine workers." It was the toughest language any company official has used in the war of words with the Woodmen's Association.
Offensive (continued)

Great Northern's views were broadcast over the three Bangor television stations. WLBZ-TV reported on the wages paid company cutters in the 1976-77 harvesting season, showing a chart illustrating that the average hourly rate of $9.05 was far better than the hourly rates paid in a half dozen major industries. On WABI-TV Bartlett was quoted as saying "I like to get home every night to my family as I'm sure most people do, so I don't criticize anyone for not wanting to work where the job requires four nights away from home. I do find fault with people using the people willing to do this work as whipping boys for the Maine Woodsmen's Association leaders." WVII News reported on Great Northern's need for the Canadians as well as the accusation that the Woodsmen's Association is seeking a monopoly on selling of wood for use by paper and lumber mills. While the views of the Association were aired, so was the Great Northern position. The following day the Bangor Daily News led with the proposal of a University of Maine professor for a moratorium on the use of bonded Canadian harvesters, but the newspaper also devoted a separate story to the Great Northern charges against the Association. The Company statement was distributed statewide by the Associated Press and used extensively on radio as well as in the newspapers.

Only Don Corrigan of WLBZ-TV reported on the testimony of Eldon Hebert of the United Paperworkers International Union. Hebert warned against talking about banning bonded Canadians from Maine without talking about where their replacements will come from. "When you do that, talk also about how many Americans will be put out of work." He said one man in the woods provides raw material for nine others in the industry. He specifically cautioned against ideas such as those of Professor Gerald Karush of the University of Maine for a moratorium, ideas reflecting the attitude of "let's do this and see what happens." At another point, Hebert interrupted Association President Wayne Birmingham to protest Birmingham's lies.

Copies of Bartlett's speech are being distributed to key public officials, newspaper editorial writers and other opinion makers. It will be printed in booklet form.

In newspapers of April 17, Senator Hathaway was quoted as saying he plans further hearings on the subject of the administration of the bonded labor program and the payment of unemployment compensation to the Canadians --- who are not available for jobs in the U.S.

**Candidate Anderson**

Dick Anderson, executive director of the Maine Audubon Society, is a candidate for the post of Commissioner of Fisheries & Wildlife when Maynard Marsh retires. Marsh is expected to step down in the next few months. Anderson is also a member of the State Board of Environmental Protection. He once worked as a biologist for the department he now wants to head, winning fame for his research on the impact of DDT on salmon in Sebago Lake. He is considered a responsible conservationist by most people in the forest products industry. Marsh and others in the upper echelon of the department don't like the idea of Anderson being named commissioner. They favored popular Deputy Commissioner Bill Peppard.
The 404 Debate

Senate and House conferees are scheduled to meet April 18 to again seek a compromise on amendments to the federal water pollution laws. The amendments were added to the Jobs Bill, HR 11, after passage as separate legislation. The Senate version of the jobs bill provides only financing for pollution control projects and does not provide for exempting the forest industries from the Section 404 permit program of the Corps of Engineers. Senator Muskie is one of the conferees involved. While there isn't much hope that the Senator will see matters our way, we have pointed out again to his staff the problems the sweeping Corps of Engineers program present for this company.

Public Relations

A news release on plans to shut down two paper machines at East Millinocket because of lack of business was used in the Bangor News, the two Millinocket weeklies, on WMKR, in the business weekly, Monday, and in several weeklies. WVII (Channel 7-Bangor) television wants to do a report April 18 on the situation.

Mike Taibbi of Channel 5 television in Boston was in Millinocket to film a report on the Indian land claims. I answered his questions. Roger Boynton guided him in the East Millinocket mill where they took some film and in the Millinocket woodyard.

Enclosure

Enclosed is a copy of the Paper Industry Information Office newsletter. Sincerely,

PMC/RR

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P. F. Yacavone
Mr. Robert J. Shinners  
Vice President-Operations  
Great Northern Paper Company  
Millinocket, Maine 04462

Dear Bob:

The newsletter of the Public Affairs Department for the week ending April 8 follows:

**THE AUGUSTA DEBATE**

"...leadership is looking for guidance and the only way we can ultimately find out where we are going on this bill is to actually put the vehicle before the House for acceptance or rejection."
---Majority Leader Tierney

"I understand the frustrations of many members of this House when it comes to setting priorities for some of the money we will be using."
---Appropriations Chairman Goodwin

"You are not going to shift it, sweep it under the rug, as far as we are concerned."
---Assistant Minority Leader Garsoe

"You vote for this thing now, you put your light on red and you are voting for a major tax, make no mistake about that..."
---Representative Jalbert

The quotations are from the Legislative Record of April 4. The House was debating a proposal to establish a state education financing ceiling of $293 million. After a 10,000-word exchange of opinions, members gave up on the idea, for now at least, and sent the bill back to the Appropriations Committee.

They had been cautioned a few days before by Governor Longley, who says he favors $262 million but will accept up to $290 million:

"...we must not, even unintentionally, mislead the people of Maine by adopting a level of education funding, or a mill rate that would directly or indirectly lead to a tax increase....I could not sign any bill that would do so."
Augusta (continued)

The pressure is on in Augusta. It's that time, again.

On April 1 AIM President Galen Cole decried the Legislature's "piecemeal approach -- after fully funding the largest (by far) item in the State budget -- education, the Legislature will face the impossible task of paying for a number of other programs or obligations (such as the inventory tax) without sufficient funds." Bob Reny, chairman of the State Chamber of Commerce, charged that business has already paid $35 million in higher taxes to offset this year's phase out of the levy on inventories.

Over 200 businessmen turned out April 5 to oppose a one-year excise tax on business inventories.

Association representatives have met with legislative leaders and the Governor. They are opposing a corporate income tax increase and asking that the repeal of the inventory tax be sustained. The Governor came up April 7 with a plan to return $8 million to towns and cities that would lose with the phasing out of the inventory tax. He says it can be done without a tax increase.

The first of the proposals to establish a graduated corporate income tax has been scheduled for public hearing April 11 in Augusta. Representative Mary Najarian's bill would tax businesses with net income under $25,000 at 5 per cent and increase in one per cent increments to 10 per cent for those with income over $125,000.

Also included in the package is a business privilege levy of $100 on all enterprises and a minimum tax on preference income. Not yet scheduled for hearing is a proposal by Representative Higgins of Scarborough for a "multi-tiered" corporate income tax structure. It would establish brackets, ranging from under $10,000 to $100,000 or more.

Bob Moore, the attorney representing Associated Industries, says a dozen other states now have 7 per cent corporate income taxes. Three go up to 10 per cent. In Massachusetts, the rate is 8.33 per cent, in Connecticut 10 per cent and in Rhode Island nine per cent. His opinion at this stage of the game is that it is going to be difficult to head off a one per cent increase.

Also in Augusta....

Legislation providing $1,300,000 for the 1977 spruce budworm control program and $100,000 for research has started moving through the Legislature. Lynwood Hand expects no problems. A new provision calls for a full accounting of how the money is spent by the Department of Conservation.

House Majority Leader Tierney, AFL-CIO President Ben Dorsky and Hand have agreed that L.D. 200 will be amended to exempt apprenticeship programs for the state human rights law.

Senator Charles Pray has agreed to sponsor an order backed by the Maine Woodsmen's Association calling for a study of clearcutting. Representative Hall of Sangerville earlier declined to sponsor the bill.
Augusta (continued)

An order calling for a study by the Public Utilities Committee of all laws regarding dams, including the Mill Act, has been approved.

Senator Collins says the State Government Committee will hold a public hearing in approximately three weeks on the Maine Municipal Association's proposal to permit taxing land in the unorganized territory at a different rate than other land in the state.

On April 13 the Taxation Committee will hear the State Chamber of Commerce proposal to change the basis for taxing industrial fuel oil from price to volume when the price per barrel hits $15. On the same day Senator Pray's proposal to prevent state solid waste regulations from exceeding Federal requirements will be heard by the Natural Resources Committee.

**House vs. Senate**

With Representatives Cohen and Emery in the majority, the House of Representatives voted 361-43 to approve a bill redefining Section 404 of the Federal Water Pollution Law. It exempts forestry activities from the scope of the Army Corps of Engineers' permit program. H.R. 3199 provides $17 billion for construction of municipal waste treatment plants. The Senate has approved $4.5 billion as a part of a jobs bill but has not dealt with changes in the water pollution law. A conference committee met April 7-8 trying to break the deadlock. Congressmen went home for the Easter recess with the problem unresolved. It will be one of the major issues they will face when they return to Washington on April 17.

**Hearings**

Senator Hathaway will use the recess, as expected, to hold hearings in Bangor on April 14 on the woods labor issue. Charles Peck of the Senator's staff is making arrangements. The session will be limited to three hours. This was the outgrowth, in part, of the March 18 meeting between Hathaway and Great Northern representatives.

**Public Relations**

A news release was prepared on Great Northern's plans to shut down two paper machines in East Millinocket because of a lack of orders.

**Public Affairs**

We attended a reception in Bangor April 4 for Premier Hatfield of New Brunswick and also a breakfast the following morning at Husson College.

Karl Berthwaite of the staff of the Senate Environment and Public Works Committee called to report that information sought for several weeks on cone burner regulations in other states had been obtained for Great Northern and was being mailed.

Sincerely,

[signature]

pmc/b
Mr. Robert J. Shinners  
Vice President-Operations  
Great Northern Paper Company  
Millinocket, Maine 04462

Dear Bob:

The newsletter of the Public Affairs Department for the two weeks ending April 29 is as follows:

**THE LEGISLATURE**

It was a busy period in Augusta.

Governor Longley's veto of the school financing package was overridden, 118-33 in the House and 23-9 in the Senate.

Other action included:

**Spruce Budworm** -- Legislation authorizing spraying of 930,000 acres of timberlands was signed into law by Governor Longley. The program will cost $3 million. Now the focus turns to Washington. The state is planning on the Federal government paying 36 per cent of the cost. While the funds are available, they have to be released by the Office of Management & Budget. Formal OMB consideration of the Maine request started when the environmental impact statement was received -- late in April according to the State Department of Conservation. Some people are worried over the attitude of the new administration. We will be monitoring developments through Senator Muskie's staff.

**Taxes on Oil** -- The proposal to establish a $15 per barrel price ceiling on industrial fuel oil for purposes of Maine's sales tax went down to defeat, 99-47, in the House and lobbyists saw little hope of salvaging it. The intent of the State Chamber of Commerce who sponsored the bill was to stabilize the tax burden on industry. House Taxation Chairman Spike Carey of Waterville attributed the bill's defeat to timing -- the legislation reached the floor when tax exemptions were being killed.

**Pulpwood in Rivers** -- The sponsor of a bill which would have repealed the State's authority to permit storage of pulpwood in rivers agreed to withdraw the proposal at an
Legislature (continued)

April 28 hearing. Representative Donald Burns of North Anson advocates repealing the ban on river driving as an energy conservation measure. Lynwood Hand said the idea got a sympathetic hearing from the Committee on Natural Resources. If they decide to study the possibility of repealing the ban, Hand recommends we get involved to make sure the product is workable legislation.

Hearings on matters of interest to Great Northern are scheduled in the week ahead. On May 2 the Natural Resources Committee will consider bills involving public lots trades with the State by Diamond International, Brown, Dead River and Boise Cascade. On the same day the State Government Committee will hear the Maine Municipal Association bill to allow the Legislature to impose a different tax rate on property in the unorganized territory. It would require approval of voters in a referendum. MMA Executive Secretary John Salisbury says the Association's intent is to iron out a legal problem facing assessors in cities and towns -- and not to hike taxes on timberlands. On May 5 the Natural Resources Committee will hear a proposal to regulate clear cutting. The bill will be amended to make the intent clear -- permits will be required for operations covering over 20,000 square feet. The State Department of Conservation is expected to oppose the legislation -- introduced on behalf of the Maine Woodsmen's Association. The MWA seeks to create new jobs by making mechanical harvesting more difficult.

**TAXES**

Representative Carey at an April 26 seminar on Maine taxation sponsored by Associated Industries of Maine made it clear that he believes State assessing of major industrial plants is needed. He will support such legislation. The Committee chairman joked about the new Scott pulp mill and said he hoped that Skowhegan's tax books measured up with newspaper accounts of what has been invested by the paper company. Carey, House Minority Leader Linwood Palmer, and Salisbury discussed this and other matters during the AIM program which also included talks by Ernest John, retired State tax assessor, on the history of taxes in Maine, and by Mike Healey on the uniform property tax. Al Tozier, Fred Morrison and I attended along with 30 other businessmen. Salisbury hinted that the Tree Growth Tax should be producing $2½ million more, said that any increase in the corporate tax should be across the board and said the towns and cities will join industry in opposing Labor on unemployment compensation issues.

**NEXT: JOE BRENnan**

Attorney John Brennan will speak May 5 on the Indian land claims. His appearance in the Husson series of Business Breakfasts follows Tom Tureen, attorney for the Indian teams.

Another speaker of interest will be Dr. Bob Bond, author of a recently published report on bonded labor in New England timberlands. He will speak at the Northern Forest Forum May 16 in Woodstock, N.B., and in Millinocket on May 18 at a regional session of the American Pulpwood Association.
PUBLIC RELATIONS

Over 200 public officials and businessmen were mailed copies of the Great Northern Nekoosa annual report.

Copies of Bob Bartlett's talk on the woods labor issue were mailed to over 100, including the Governor, members of the Maine Congressional Delegation, legislators and other opinion-makers in Maine.

Sincerely,

Paul

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Mr. Robert J. Shinners  
Vice President-Operations  
Great Northern Paper Company  
Millinocket, Maine 04462

Dear Bob:

The newsletter of the Public Affairs Department for the week ending May 6:

CLEARCUTTING, TAXES AND THE LEGISLATURE

Two proposals of critical interest to the forest industries were ignored by the news media.

On May 4, Representative Brenerman of Portland and Maine Municipal Association Executive Director John Salisbury went before the State Government Committee to advocate changing the state constitution to permit taxing land in the unorganized territory differently than that in cities and towns. Prior to 1973 when the Tree Growth Tax Law was passed, the unorganized territory was subject to separate taxation under the guise of several taxes for different services. The area was vulnerable to the whims of politicians because it has few voters. The Tree Growth method of valuing forest lands now covers forests deep in the unorganized territory or a Tree Farm in a city or town. The constitution prohibits discrimination.

Advocates of changing the constitution say that 184 towns and cities are now illegally taxing their citizens. If something isn’t done, some one is going to sue a city or town, Salisbury says. The communities are subject to legal challenge because they are taxing people enough to meet their own needs, but not as much as the state is taxing the unorganized territory -- as the law requires. The rate for the Local and State Government Tax is 10.75 mills for the fiscal year ending June 30, 1977. The Uniform Property Tax is also paid by property owners in the unorganized territory.

Attorney Donald W. Perkins says "The line between the organized and unorganized area is simply an arbitrary political organization line. It provides no basis for unequal tax treatment; so when you think of neighboring residences or neighboring farms or neighboring open land or neighboring small business, it is totally unfair to apply a different
Clearcutting, etc. (continued)

tax rate to them, particularly when the unorganized areas receive much less governmental services." Perkins told the Committee they can solve the problem by lowering the rate or the towns can solve the problem by collecting the taxes the law says they should be collecting. Woodcutters, camp owners, bankers, and timberland owners joined Perkins in opposing the bill. Lynwood Hand, Great Northern's legislative counsel, says this legislation (L.D. 1212) presents serious problems. Of course it will have to go to a statewide referendum even if it is approved by the Legislature.

On May 5, the Natural Resources Committee held a public hearing on a proposal that would require the state to issue a permit for all clearcuts of over 2,000 square feet. In introducing the legislation, the sponsor, Senator Pray, said the figure was supposed to be 20,000. Maine Woodsmen's Association President Wayne Birmingham said that wasn't so and Pray introduced the bill at the request of the Association. Before the hearing, Pray had been drumming up opposition to the bill he sponsored. And the Senator left the hearing immediately after introducing Birmingham.

As usual, Bill Butler of Aurora and Melvin Ames of Dover-Foxcroft joined Birmingham in voicing support for the proposal. They are MWA vice presidents. It turned out to be a discussion of silviculture. Birmingham said the paper industry has got to be totally regulated in the interest of the state. Asked by Representative Don Hall of Sangerville if the state had the right to regulate what a man does on his own land, Birmingham said the state regulates everything else. Great Northern's Telos operation was criticized. So was a Houlton area contractor for Great Northern who has mechanized his operation.

A spokesman for the State Bureau of Forestry opposed the bill. Even if the agency had the money to administer a permit system, Walter Gooley said the Bureau would oppose the idea. If there's a problem, Gooley said an objective study should be completed before regulation is considered.

Hand doesn't expect the legislation to pass.

Joe Brennan's Turn

Tom Tureen who represents the Maine Indians who claim half the State of Maine spoke at a Husson College Business Breakfast March 17. On May 5 it was Attorney General Joe Brennan's turn to tell the other side of the story. He did it while facing a table of Indians and their sympathizers. The Attorney General said the state has four defenses -- and could win on any one of the four. Because he thinks these defenses assure the state a victory in court, Brennan said he could not in good conscience recommend a negotiated settlement with state money "or a pile of deeds." The Attorney General said "the large landowners and paper companies are just as innocent as the small landowners." He reminded his audience that "the big guy employs the little guy and the paper companies are very important to the Maine economy." He was referring to statements by Tureen that the Indians want no land from homeowners, only from the paper companies. Brennan said he was meeting the following day with Justice Gunter, the retired justice from Georgia who has been named by the President to try and settle the issue.
During the week it was announced in Washington that the Federal government will seek an extension of the July 18 deadline for filing Indian land claims. Brennan said he would not object as long as Maine is treated like all other states. The Maine Congressional Delegation has the matter under study but is also expected to support the extension. If the time limit isn't extended, the Justice Department has said it will file suits on behalf of the Indians against major landowners such as Great Northern.

THE "ANTI-PEOPLE BILL"

From the Legislative Record of April 26:

"...in 1973, the price of industrial fuel oil was about $1.50 for a 42 gallon barrel. On that $1.50, a 5 per cent sales tax, the state was receiving about 13 cents -- 13 cents for every 42 gallon barrel. In 1974, the price went up to $8.40, then the price went up to $12 in a matter of two years. So the state's revenues have increased, from 1973 to the present, about 500 per cent simply from the five per cent sales tax on industrial oil...Who is paying for this 5 per cent sales tax? You and I are paying it, it is being passed right through.

---Representative Boudreau, Waterville

"It is only places like Great Northern that will get this tax break."

---Representative Post, Owls Head

"I felt this was a people's bill, that it would help homeowners that heat their homes with oil. I now find that this is an industry bill...I think that the people deserve a break rather than industry."

---Representative MacEachern, Lincoln

"I never saw a financial statement by any of these companies that wasn't in the black. If it wasn't all they had to do was go up with their tissue paper a quarter of a roll and they are back in business again."

---Representative Hall, Sangerville

"I was particularly thinking of industries of this type (marginal industries such as tanning) and not voting to help particularly, Great Northern Paper Company."

---Representative Cox, Brewer

"I would suggest you all ask yourselves, what does this bill do to conserve energy. Because remember that the oil used by industry is also used by everybody else."

---Representative Huber, Falmouth

"Where do the people of Maine work? Do they work in industry or do they have some other kind of thing that they do somewhere? I would tend to believe that industry and the people of Maine are one. They are not in different things, they are not one against the other. I don't understand these people who get up here and say this is an industry bill and it is an anti-people bill."

---Representative Boudreau

As we reported last week, the House of Representatives voted 99 to 57 to kill the proposal to put a limit on the sales tax on Bunker C oil used in industry. For tax purposes, the price would never go over $15 per barrel, the tax never over 75 cents. Great Northern uses over two million barrels a year. Representatives MacEachern, whose district includes Medway, and Representative Marshall of Millinocket favored indefinitely postponing action on the bill. Representative Birt of East Millinocket opposed the
Antipeople Bill (continued)

motion. The bill had an 11 to 2 endorsement from the Taxation Committee. The measure is now tabled in the Senate where proponents led by the State Chamber of Commerce hope to breathe life into it again. The chances are slim.

GNN Annual Meeting

Stories and pictures on the annual meeting of Great Northern Nekoosa Corporation on May 4 in Millinocket were mailed to newspapers. The Bangor Daily News used a picture of Sam Casey awarding scholarships, a story on the scholarships and a roundup on what Bob Hellendale, Bruce Ellen and Jerry Veneman and Emery Allain had to say in the auditorium of Stearns High School. During the day, Business Reporter Dennis Mills of the Bangor News interviewed Bob Hellendale on the Company's reaction to President Carter's energy policy. Jon LeVeen of WABI-TV interviewed him on business prospects and the Indian claims. LeVeen's report included film of the scholarship presentation and of the crowd of over 160 in the auditorium.

Roger Boynton covered the meeting, providing both pictures for the Maine press and for a post-meeting report.

With help from Russ Byron of Central Personnel, the three winners of scholarships and their parents were guests of the company at lunch at the Heritage. They also toured the mill.

After the meeting, the new 35 mm slide show covering Great Northern was shown to three visiting New York bankers prior to a briefing on manufacturing facilities, energy and environmental matters.

More Wild & Scenic Rivers

The Bureau of Outdoor Recreation of the U.S. Department of Interior has identified 28 additional Maine river segments for possible inclusion in the National Wild & Scenic Rivers System. The areas will be discussed at a 10 a.m. meeting, Tuesday, May 10, in Concord, N.H. Portions of the Aroostook, Mattawamkeag, Penobscot, Seboeis, St. John, Moose and other rivers are on the list. We plan to have a Great Northern representative at the session.

Public Relations

An adaptation of a GNN advertisement was published in Monday, the weekly business newspaper, offering a copy of the annual report and fact book to readers.

Copies of the GNN quarterly report were distributed.

A contribution was approved for the Millinocket Community Hospital Auxiliary.

Advertisements were approved for a Stearns High School calendar and for the Ashland High School yearbook and for the Katahdin Times promoting a March of Dimes Walkathon.

Sincerely,

Paul

pmc/b
Mr. Robert J. Shinners  
Vice President-Operations  
Great Northern Paper Company  
Millinocket, Maine 04462

Dear Bob:

The newsletter of the Public Affairs Department for the week ending May 13 follows:

**FROM OIL TO COAL?**

"FEA May Make 56 Plants Switch to Burning Coal"  
--- Wall Street Journal, May 10

"Two Maine Plants Affected by Order"  
--- Portland Press Herald, May 10

The Federal Energy Administration on May 9 told owners it was considering prohibiting the use of oil or natural gas by 24 existing industrial plants. On the list were boilers at the Jay mill of International Paper Company and another at Madawaska operated by Fraser Paper Ltd.

Here is how the FEA summed up the move:

"FEA issued two types of notices. It issued Notices of Intention (NOIs) to 24 existing plant sites in 17 states which could result in Prohibition Orders, prohibiting the burning of oil or natural gas as a primary energy source. It also issued notices to 32 planned industrial sites in 16 states which may result in Construction Orders, which would require that the plants be designed and constructed with a coal-burning capability. Together the actions affect plants in 25 states."

A series of public hearings on the proposed orders will start May 23 in Boston.
From Oil to Coal (Cont.)

In information obtained by the office of Congressman Cohen, the FEA outlined four steps involved in the process. The Notice of Intent was the first. Hearings will be the second. Notices of Effectiveness come next. The company is told when the order is effective (this step includes certification by the Environmental Protection Administration). The fourth step is enforcement with a compliance schedule leading to the burning of coal.

In its announcement, FEA said "while most companies are not expected to realize net savings, FEA estimates that in most cases the candidates can offset new capital and operation costs by reduced fuel costs and realize a net savings."

The notices that went to owners of existing industrial plants were the first ever issued and 13 paper mills were on the list of recipients. Up to May 9, 105 existing electrical powerplants and 143 planned powerplants had received notices. The FEA got the authority to take such action under the Energy Supply and Environmental Coordination Act of 1974 and the Energy Policy and Conservation Act of 1975.

Annie Laurie Whalen, who covers the energy beat for Congressman Emery, says people in Washington were talking this week "about months and months of hearings."

Copies of the package of information FEA distributed in Washington on May 9 and copies of the orders covering International and Fraser were distributed to your office and also sent to Paul Firlotte, Bob Hellendale and Jerry Perkins.

**GOOD NEWS**

The Legislative Finance Office has confirmed the good news in Augusta: with two months left in the fiscal year, the State of Maine had an $11.3 million surplus. A surplus will provide the money needed to finance new programs --- aid for the elderly, raises for state employees and additional funds for the University of Maine. Lynwood Hand has reported that the Appropriations Committee also has been quietly shaving departmental budgets in hopes of being able to stave off a tax increase. Both Lynwood and Bob Moore, the young lobbyist for Associated Industries of Maine, agree that talk of tax increases is fading in Augusta. "I don't see any sympathy for taxes --- none at all," Moore told directors of Associated Industries of Maine.

It was a quiet week. People were talking about the slow pace. "With two thirds of the session over, only one third of the work is done," Moore said. (May 10 was the 60th day of the session.) When the Legislature decided on annual sessions, it also put a 100-day limit on the "regular" session. A 10-day extension is also allowed. Beyond that the Legislature will have to go into special session, or change the law.
Good News (Cont.)

Dave Ash of the Pinkham Company attended a May 11 public hearing on a bill which would have modified axle weight limits for vehicles hauling wood and other products. It was sponsored by House Speaker John Martin. Ash says Transportation Commissioner Maller "tore it apart" and Martin admitted it had been hastily drafted. Later Martin along with a half dozen other legislators and two aides of Senator Muskie met with a group of logging contractors. The contractors complained of the unfairness of Federal labor requirements. As a result, Martin had proposed a clearing house to screen out people who apply but are not qualified for jobs.

Tax reform will be the subject of a public hearing May 18 at 2 p.m. in Room 327 at the State House. The Taxation Committee will consider several key proposals. One will be the multi-tiered corporate income tax. Two bills will call for the state to assess industrial properties with a value in excess of $1 million. The omnibous tax reform bill which came out of last year's study is also on the agenda.

Section 404 and Senator Muskie

In Washington, representatives of the paper and forest industries have been struggling to convince Senator Muskie of Maine that the final step in implementation of Section 404 of the Federal Water Pollution Act should be postponed. Industry's spokesmen argue the delay is justified because the whole matter is going to be considered in a series of Senate hearings. Section 404 is the part of the law which would require a permit starting July 1 from the Corps of Engineers for roads and bridges on almost all small streams. Congressmen Cohen and Emery and a majority of the House of Representatives have voted to exempt forestry from such regulations. From all reports, Muskie isn't budging. Hearings by a Senate committee on the Federal Water Pollution Control Act start May 31 in Portland.

Wild & Scenic Rivers

Bart Harvey attended a Concord, N.H., meeting May 10 when a list of rivers which may be considered for inclusion in the Wild & Scenic Rivers System was discussed. Representatives of the Bureau of Outdoor Recreation said they have to complete their study by January. Spokesmen for state agencies complained it was a little late for the BOR to be asking for help. Representatives of conservation groups, federal agencies and the states of Maine, Massachusetts, New Hampshire and Vermont attended the session. If they can't get help from the states, the BOR will be turning to conservation groups and landowners for information. A copy of Bart's memorandum on the meeting has been circulated.
AROUND AUGUSTA

Lloyd Irland reports the Maine request for Federal funds for the spruce budworm control program has finally reached the Office of Management & Budget in Washington, D.C. Senator Muskie's staff is monitoring the matter....Directors of Associated Industries of Maine voted May 10 not to take a stand at this time on repeal of the uniform property tax. They agreed the association will find it difficult to agree on the issue. Directors were also not satisfied that such a move would be viewed as responsible unless a system was proposed to replace the present school financing formula. AIM will oppose state assessment of all property worth over $1 million....Hearing on wood scaling bills will be held May 25 at the Civic Center in Augusta....The Land Use Regulation Committee flew legislators over a woods road washout which sent "180 truckloads" of mud into waterways in the Rangeley area. Legislators were told of a 20-mile long trail of siltation in some of Maine's best fishing waters. Brown Company is the owner of the land in the Kennebago region....People who attended a Corp of Engineers Workshop in Augusta May 10 were told that $4 million of the $10 million being spent on planning the Dickey project is going into the Environmental Impact Statement. A draft statement will be filed in July. A final statement (incorporating the statement on the transmission lines) is due August 1 of 1978.
A dozen workshops on subjects to be covered in the EIS are being held in Augusta, Orono, Fort Kent, Presque Isle and Portland....Morris Wing of International Paper told directors of the Paper Industry Information Office on May 13 that a Washington meeting of representatives of Maine's forest industries and the staff of the U.S. Department of Labor on the subject of Canadian labor in the woods was "very successful." Tom Pinkham was in the Maine delegation. Tom will also speak on the need for Canadian labor at a May 22 meeting of the Democratic State Committee in Presque Isle. Wayne Birmingham has also been invited to speak....Directors of the Industry Office also voted to coordinate industry testimony at the Senate hearing in Portland on the Water Pollution Control Act.

COMING EVENTS

May 16  Dr. Robert Bond speaks on the study of bonded Canadian harvesters, Northern Forest Forum, Woodstock, N.B.
May 18  Dr. Bond speaks, APA meeting, Millinocket
May 18  Tax reform hearings, Augusta
May 22  Democratic State Committee meeting, Presque Isle, Tom Pinkham, speaker
May 24  Dickey-Lincoln workshops, Augusta
May 25  Dickey-Lincoln workshops, Boston
May 25  Wild & Scenic Rivers workshop, Portland
May 25  Hearings on wood scaling bills, Augusta
May 26  API workshop on water pollution, Boston
May 31  U.S. Senate hearing, water pollution, Portland

Sincerely,

PMC/RR
Mr. Robert J. Shinners  
Vice President-Operations  
Great Northern Paper Company  
Millinocket, Maine 04462

Dear Bob:

The newsletter of the Public Affairs Department for the week ending May 20 follows:

**WATER POLLUTION CONTROLS: WHAT NEXT?**

The Senate Environment and Public Works Committee opens hearings on the Federal Water Pollution Control Act in Portland on June 1. It will be the first in a series of eight hearings around the country. Five days of hearings in Washington will follow, starting June 21. It is expected that the House Public Works Committee will begin similar hearings in Washington during the summer.

So beginning in June the long anticipated debate over water quality will get under way. Senator Muskie of Maine will preside over the Portland hearing. He is chairman of a subcommittee which deals with environmental matters. Muskie and his Senate colleagues have twice in the last year rebuffed attempts to change the law -- modifications which would have been welcomed by the paper industry. Muskie said the time to consider changes was in hearings his committee planned in May. He will be a few days late in getting started. Otherwise the Senator is right on.

In Portland, three men have been invited to testify on behalf of the paper industry of Maine. A. J. (Ben) Haug of Scott who will discuss the pollution controls at the new Somerset pulp mill; Stuart Cooper of Boise Cascade and chairman of the Water & Air Quality Committee of Associated Industries of Maine, who will report on industry's progress in this field; and Morris R. Wing, woodlands manager, International Paper Company, who will speak on Sections 404 and 208 of the law, dealing with non-point pollution problems associated with forest lands.
Water Pollution Controls (continued)

As you know, the Federal Water Pollution Control Act was amended in 1972 to impose new standards for all sources of discharge pointing toward "zero discharge" by 1985. Industry was required to have best practicable technology installed by July 1, 1977, and "best available technology economically achievable" by 1983. But Congress provided for reconsideration of the 1983 and 1985 goals and established a special commission to monitor the program. The Commission has recommended measuring the actual effect of the 1977 standards before moving on to the more expensive 1983 requirements. A "mid-course" correction is proposed. The paper industry agrees with the Commission and is gearing up for an intensive struggle. The industry wants to maintain the "fishable, swimmable" goal but apply 1977 technical requirements only when the receiving waters can be significantly improved -- or where toxic problems exist. The industry also wants it recognized that the overall best use of our resources and energy is more important than the goal of "zero discharge."

Was Anybody Listening?

Representative Morton of Farmingdale is an automobile dealer who has been active in politics for a long time. He is a veteran of studies of state taxes. On May 18 he told members of the Committee on Taxation that up to now the Legislature has been "dealing with taxes with a first aid approach. Let us now get back to talking about broad tax reform." He introduced a tax reform proposal -- the product of a year's work by a special committee. The omnibus bill includes a proposal that the state assess all properties over $5 million. Two separate bills were introduced on the same subject, one by Representative Hall of Sangerville and another by Representative Byers of Damariscotta. The Sangerville legislator said he doesn't like the state meddling in local affairs and talked around in circles. Mrs. Byers told the committee that "values on the coast result from the sales of land on the coast.... Not many big companies are sold so it's more difficult to place a value on the multi-million dollar firms," she said. Earlier Morton told the Committee that "we did not feel there is the expertise in the communities to handle the job because of the complexities of the big mills and plants."

Except for House Chairman Carey, the Committee had little to say. Carey is also mayor of Waterville and very interested in all tax matters. Some people said they could see distaste reflected on Senate Chairman Wyman's face. He is a blueberry and sardine packer. One of the other Senators, Danny Martin from Frenchville, runs a restaurant. He passed around a box of chocolates, a gift to the committee from Representative Morton. (It's a tradition that former chairmen bring a gift when they appear before a committee.) Representative Mackel of Wells had a couple of questions. He is a retired service man who voiced concern about the cost of such experts. Some say the state should pay, some say the state should bill the municipalities. Representative Carter of Bangor, an accountant, says the $150,000 proposed for this service wouldn't go far in hiring experts. Carey kept asking questions and finally said that people think there is a "lot of money, maybe $35 million, out there...."
Anybody Listening (continued)

Lynwood Hand says legislative leaders have indicated that they oppose the idea of state assessment of industrial properties as unnecessary and unfair. (Bob Moore of Associated Industries says the State Bureau of Taxation already has such authority, as well as the authority to offer technical assistance to municipalities.) There didn't appear to be much enthusiasm for this kind of tax reform on a warm afternoon in Augusta.

THE LEGISLATURE

Senator Pray tells me that the Natural Resources Committee will report the clear cutting bill out with a "leave to withdraw" report -- killing the measure for this season. The Millinocket man said he lobbied against the legislation which he introduced on behalf of Wayne Birmingham and the Maine Woodsmen's Association.

Two proposals dealing with scaling -- establishing a mandatory state system for measuring wood -- will be heard Wednesday, May 25, at 1:30 p.m. in Cushnoc Auditorium of the Civic Center in Augusta. One is sponsored by House Speaker Martin, the other the product of a study by the Agriculture Committee. Great Northern and Pinkham Lumber has problems with the content of both. Mike Collins and Ken Hodsdon are working with Lynwood Hand on this issue.

ELSEWHERE

Lloyd Irland, the insect control manager for the State Department of Conservation, says the spruce budworm spraying project will start next week. The Office of Management and Budget has not yet released Federal funds expected to pay one-third of the cost of the program. Irland is optimistic approval will be forthcoming in a week or 10 days.... The Federal Energy Administration has scheduled an Augusta hearing on June 3 on its notice of intent ordering International Paper at Jay and Fraser Paper Ltd. in Madawaska to convert from oil to coal....Dick Stewart of the Boston Globe will spend three days in Great Northern woods camps in June doing stories on the labor situation and trends in forest management....Jo Dondis of Monday asked for information on Great Northern's aircraft. She's doing a story on Maine companies using planes in their business....Bob Daniels of the Cleveland Plain Dealer is the latest writer to visit Millinocket in search of a story on the Indian land claims....With help from Dave Ash of Pinkham, Robert Bond was introduced to Chris Spruce of the Bangor Daily News. Bond, author of a report on bonded labor, was interviewed on that subject by Spruce and by Jim Sackett of WABI-TV in Bangor....The Forest Resources Study Committee is considering another draft of a final report -- this one written by Doug Smith, Dick Barringer and Fred Hutchinson. The committee will meet June 22....With Al Tozler, we discussed financial matters related to the spruce budworm program with State Controller Dick Diefenbach....Several complaints regarding erosion and other problems created by high water in Chesuncook Lake were received....And one of the two people planning white water raft trips on the West Branch is threatening court action if Great Northern doesn't permit such trips to start at McKay Station. Wayne Hockmeyer is being asked to begin at Little Eddy.
COMING EVENTS

May 24 -- Federal Energy Administration, hearing on proposed orders requiring plants to use coal, Boston.

-- Dickey-Lincoln workshop, Corps of Engineers, Augusta.


-- Dickey-Lincoln workshops, Portland.

-- Legislative Agriculture Committee, public hearing, proposals to establish mandatory state system for measuring wood, Augusta.

May 26 -- American Paper Institute, workshop on progress in amending water pollution laws, Boston.

May 31 -- Senate Environment and Public Works Committee, public hearing on Federal Water Pollution Control Act, Portland.


June 3 -- Federal Energy Administration, hearing on notices of intent to International and Fraser paper companies, Augusta.

June 8 -- U.S. Labor Department, public hearings on bonded labor, Springfield, Mass.

Sincerely,

[Signature]

pmc/b

Distribution:

J. R. Adams T. H. Flanagan O. J. Lombard W. A. Saucier
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P. I. Firlotte W. E. Lloyd C. H. Reed

[Handwritten additions]
Mr. Robert J. Shinners  
Vice President-Operations  
Great Northern Paper Company  
Millinocket, Maine 04462

Dear Bob:

The newsletter of the Public Affairs Department for the week ending May 27 follows:

**IN THE NEWS, AGAIN: THE WEST BRANCH**

President Carter on May 23 sent a long, long, long message on the environment to Congress. A section on Wild and Scenic Rivers contained this paragraph:

"I am also transmitting to the Congress reports on the Gasconade River in Missouri and the Penobscot River in Maine. After thorough study, both of these rivers have been found to qualify for inclusion in the National System with the recommendation that they be administered by the states. I am pleased at the number of states taking positive action to protect their natural resources and assure them that any proposal to add State-administered rivers to the National System will be sympathetically considered by the Secretary of the Interior."

In the Maine press, President Carter's words generated headlines such as these:

"Penobscot Earmarked For Wild River System"  
---Bangor Daily News

"Protection Plans Include Penobscot"  
---Portland Press Herald

The President's expression of sympathy for the Penobscot plan, while not surprising, came without advance notice to members of the Maine Congressional Delegation or state officials. "It doesn't change a thing," one Washington-based observer said. Herb Hartman, the state director of parks and recreation, who hopes to be able to convince Great Northern to cooperate in a state administered recreation plan for the region, summed it up this way: "It's one for our side." State Senator Charles Pray, who earlier wrote President Carter opposing the plan, quickly fired off a letter to Governor Longley opposing designation. Two
days later he and the Governor discussed the subject for over a half hour. While the Senator didn't get a commitment, Pray came out of the meeting feeling Longley isn't going to invite Federal designation. Hartman says Longley has been replying to mail on the subject (and he has been getting some in recent weeks as a result of Wayne Hockmeyer's articles in the Maine Sportsman opposing a dam) by saying he (the Governor) will reserve making any commitments until a State study is completed. The money for the study has got to be approved first and probably will not be available until July. We will cooperate in the study.

The newspaper coverage was balanced although David Bright fouled things up by saying "The company recently announced plans to construct such a facility" in the Bangor News. Both stories said some canoeists and fishermen also object to designation because they feel a wild river will attract too many people. In response to questions from reporters, we pointed to the obvious conflict: A few weeks ago we were told we must go all out to conserve energy and find new sources of power. Now we are told that preserving rivers must have the same high priority. Great Northern's opposition to Federal designation but willingness to cooperate in a State study was stressed.

Dick Anderson is director of the Maine Audubon Society and a member of the State Board of Environmental Protection. WCSH television in Portland carried this report on May 25:

"The Maine Audubon Society has applauded parts of President Carter's environmental message to Congress. Audubon Director Dick Anderson likes the proposal to classify the Penobscot River as Wild and Scenic. Anderson says he would like to see written into any scenic classification permission for the construction of a hydroelectric dam for Great Northern Paper Company. He estimates such a project would save about 400,000 barrels of oil per year with very little negative impact on the Penobscot River."

Next move? The state study.

Cone Burners

The Monday mail included a letter from the regional office of the Environmental Protection Agency to Bob Shinners, officially notifying Great Northern it was accused of operating cone burners in Aroostook County in violation of Federal standards. The citation had been in the works for weeks. A news release was issued quoting Bob Hellendale as saying that federal enforcement of the "toughest air pollution standards in the country are threatening the future of the Aroostook County forest products industry." The story was widely used; as these headlines illustrate:

"GNP under fire on burners"
---Bangor Daily News

"Standards threat to lumber industry"
---Aroostook Republican and News, Caribou

"GNP President sees threat to Aroostook"
---Presque Isle Star-Herald

"Forest Industry Threatened"
---Katahdin Journal
The release was also broadcast over Northern Maine radio and television stations.

With the release, we mailed a copy of the letter from the EPA -- everything they sent us. Bruce Ellison of Monday, the business weekly, said that's the first time he has ever got all the facts on both sides of the issue from one source.

The release also went to all members of the Maine Congressional Delegation and northern Maine legislators in Augusta. Lynwood Hand had been briefed in advance and our strategy will be to seek a change in the state law in 1978. House Speaker John Martin called Bob Shinners to volunteer his help and a briefing will be set up for Martin following the end of the Legislative session. The burners at the Pinkham Lumber complex in Nashville Plantation and at the Great Northern wood chip plant at Portage Lake are both in Martin's legislative district.

THE WOODS LABOR ISSUE

Members of the Democratic State Committee meeting in Presque Isle on a warm Sunday morning in May heard the woods labor controversy discussed by a panel which included Tom Pinkham, Wayne Birmingham of the Maine Woodsmen's Association and Eldon Hebert of the United Paperworkers International Union. While the sympathy of the crowd was with the man they considered the underdog, Birmingham, both Hebert and Pinkham scored important points with the politicians. A balanced story in the Bangor Daily News also resulted from the meeting. A copy of Pinkham's speech has been distributed. Along with his notes, Pinkham took his payroll records with him and put them on the table for all to see. Nobody took the time but the move pulled the rug out from under Birmingham's continuing claim that people are lying. Hebert said "raising all kinds of hell isn't going to solve a thing" in an attack on the MWA tactics, adding "the place to get things done is at the bargaining table." Hebert also said that if Canadians are barred from the Maine woods, "Americans are going to be put out of work" in the mills. Birmingham continued his attack on wages and treatment of Americans. He also tangled with Attorney General Joe Brennan -- one of at least three likely candidates for Governor in the audience. Birmingham criticized an out of court settlement with Canadian logging firms, which failed to register in Maine. Brennan later told reporters that the MWA president agreed that the settlement was a better deal for the state than going to court. But in their exchange on the meeting floor, Birmingham told the Committee "that I don't agree with lawyers...they are crooked...that's why we had Watergate."

"BIRMINGHAM IS NOT GOING TO DISAPPEAR"

That's what House Speaker Martin told the legislative committee on Agriculture on May 25 during a public hearing on two bills attempting to establish standards for measurement of wood. Birmingham told the committee that "people are getting shafted on wood." The last session adopted legislation which Martin and Representative Hall of Sangerville says has compounded a problem instead of solving it. Martin told the Committee that wood scaling at the mills has been adjusted to be more or less liberal depending on how badly wood was need at the time.
Ken Hodsdon of Great Northern proposed a redraft which he had developed in cooperation with Mike Collins of Pinkham Company. Hodsdon also spoke against the unfairness of the Martin version which would only regulate paper companies. Other people involved in the forest industries opposed the bills. Some hope the problem will go away because there isn't enough money to do the job. Martin says now is the time to revise a "lousy" law -- and the money can be found to administer such a program.

The hearing was the major development of the week on the Augusta scene. As anticipated, the clearcutting bill was killed. At Lynwood Hand's request, Tom Pinkham voiced his opposition to legislation giving the Land Use Regulation Commission authority over all road construction. It's being talked about as the result of the widely-publicized washout on a Brown Company road. Whether such action will be permitted in this late stage of the session is up to the leadership. A bill which would require people to take available jobs -- at a lower skill level than previously held -- instead of staying on unemployment was salvaged by a 20-11 vote in the Senate. It had been rejected 73-62 in the House. The bill is being pushed by Associated Industries of Maine. AIM's lobbyist, Bob Moore, also expects at least one bill will be reported out by the Taxation Committee authorizing the State Tax Assessor to assess industrial and commercial property. On Tuesday, May 31, the Taxation Committee will hold public hearings on a bill to revise the administration of the Tree Growth Tax Law. On June 1 the Committee will consider a bill which would extend the sales tax exemption for new and used machinery to woods machinery and to the packaging end of the line.

**COMING EVENTS**

May 31 -- Legislative Taxation Committee, hearing on Tree Growth tax law changes, Augusta.

June 1 -- Senate Environment and Public Works Committee, public hearing on Federal Water Pollution Control Act, Portland.


June 3 -- Federal Energy Administration, hearing on notices of intent to International and Fraser paper companies, Augusta.

June 8 -- U.S. Labor Department, public hearings on bonded labor, Springfield, Mass.

-- Taxation Committee, Associated Industries, 10 a.m., Augusta.

June 10 -- Paper Industry Information Office, directors, 9:30 a.m., Augusta.

June 14 -- Associated Industries of Maine, directors, Augusta.

-- Forestry issues workshop, Maine Forest Products Council, Waterville.
The Maine Scene

Winds slowed down the start of the spruce budworm spraying program but not before some beehives had been accidentally sprayed and chemical was jettisoned by a plane with mechanical troubles. So far no adverse publicity has resulted. Sensitive state officials are determined to respond quickly to all such incidents....Headlines in May 21 and May 22 newspapers reported Attorney General Brennan was arguing against awarding paper company lands, or providing a cash settlement to Maine Indians as a compromise solution to the land ownership dispute. A few days later headlines reported that there may be difficulty in getting Congress to extend the deadline for legal action on the claims. If this doesn't happen, the Justice Department has said it will file suits on behalf of the Indians against major owners of lands such as Great Northern....Democrats are saying Tim Wilson will head the Federal Energy Administration Office. (The FEA cancelled a scheduled June 1 hearing in Boston on coal conversion notices.) Wilson is now a state official in Augusta....Retired Navy Commander Charles Wyman, an aide to Governor Longley, is reported to be in line to replace Bill Adams as Commissioner of Environmental Affairs if Adams becomes regional director of the Environmental Protection Agency. He's a candidate....We contacted the offices of Congressmen Cohen and Emery at the request of the American Paper Institute, urging support for an amendment to the clean air act which would allow variances in existing rules for as much as 18 days a year. It was passed. Environmentalists call it a "disaster" and will fight to kill the concept in the Senate where debate will start June 8.

For Your Information

The Great Northern Paper Company distribution of watchband calendars ends in June. It's been phased out by vote of the sales department.

Sincerely,

[Signature]

pmc/b

Distribution:

J. R. Adams  T. H. Flanagan  O. J. Lombard  W. A. Saucier
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P. I. Firlotte  W. E. Lloyd  C. H. Reed
Mr. Robert J. Shinners  
Vice President-Operations  
Great Northern Paper Company  
Millinocket, Maine 04462

Dear Bob:

The newsletter of the Public Affairs Department for the week ending June 3 follows:

WATER POLLUTION HEARINGS START

The Subcommittee on Environmental Pollution of the U.S. Senate is holding a series of hearings around the country on the Federal Water Pollution Control Act. The hearings started June 1 in Portland. When Public Law 92500 was passed in 1972, it established goals for 1977 (primary and secondary treatment plants providing Best Practicable Technology), for 1983 (fishable-swimmable waters with Best Available Technology) and for 1985 (zero discharge). Congress also mandated a complete review of the law at this time -- consideration of a need for "a mid-course correction," if any. That's the reason for the hearings. Senator Muskie is the subcommittee chairman and presided at the Portland session. It was a proud day for the Maine senator, author of the law.

"Maine leads the nation in water pollution control," the Committee was told by Bill Adams of the State Department of Environmental Protection. The Commissioner said all towns and cities would have treatment plants in operation if the Federal government had come through with promised funds. Now it's going to take seven years and $40 million a year from Washington. Maine will have 100 per cent industrial compliance by July 1 and Muskie hailed the "unprecedented record." Adams observed that Maine's pulp and paper industry had simultaneously carried out a huge expansion program. The State is now Number One nationally in papermaking capacity.

Three representatives of the paper industry testified -- Ben Haug of Scott, Stuart Cooper of Boise Cascade and Morris Wing of International Paper. Haug and Cooper urged that the 1983 goals be postponed and contended that study will show that most waters can meet the "swimmable-fishable" objective without further treatment. Wing urged that
Water Pollution (continued)

forestry be exempt from regulation under the law...."we have living proof here that forestry operations are not the threat to clean water that Sections 208 and 404 seem to assume."

Muskie told those at the hearing that "fishable and swimmable" water is the ultimate goal and that the Paper Industry was overreacting to the 1983 and 1985 requirements. While "fishable and swimmable" water can be attained with Best Practicable Technology, nothing more will be required, the Senator said. He also declared that the "zero discharge" goal was put into the Act only to eliminate toxic discharges.

WHY PORTLAND, MAINE?

Observers in Washington this week were speculating that the Portland hearing was one key step in Senator Muskie's strategy in the great debate over amendments to the water pollution laws.

He will be quoting Commissioner Adams and holding up the paper industry in Maine as an example for all as to what can be done -- the companies expanded while cleaning up.

Muskie wants to complete work by October 1 on his version of a mid-course correction. "He's going to demand that you (the paper industry) come up with the date to prove that we have attained fishable-swimmable waters, why BAT isn't needed," one lobbyist theorized. The Muskie "mid-course" correction is expected to provide only a brief respite for the paper industry and other polluters, not the long-term postponement of 1983 and 1985 goals advocated by the National Commission on Water Quality and supported by the business community.

Finally, one other thought emerged:

With the amendments drafted and approved by the Senate late this year, Muskie will quit as chairman of the subcommittee to devote all of his time to the increasingly demanding role of chairman of the Budget Committee. (The final outcome would still be left to the outcome of a Senate and House compromise. House action isn't likely until next year.)

THE LEGISLATURE

Hearings ended on June 2 in Augusta. It was the 76th day of the session and the tempo is accelerating although Lynwood Hand says adjournment isn't going to come in June. The Senate gave initial approval over opposition from Associated Industries of Maine to a bill which would provide mandatory maternity benefits. Bob Moore, AIM's lobbyist, says that it appears that Representative Carey, chairman of the House Taxation Committee, is firmly committed to at least reporting out of the Committee a bill to deal with state level assessment of industrial property valued at $5 million, or more. He predicts a fight on the issue. The only hearing of interest to the paper industry this week was one on amendments to the Tree Growth Tax Law proposed by Commissioner Barringer of the Conservation Department. Don Perkins, representing the Paper Industry Information Office, was seeking a compromise with Barringer. With Bob Bartlett, I attended a hearing on this and other matters in Augusta.
"All of our fears about young environmentalists in the administration were well founded...." Thumbing through President Carter's message on protection of the environment, Weyerhaeuser's Art Smyth told members of the Government Affairs Committee on the American Paper Institute, "he takes us on on every page....the message can't be viewed by our industry as anything but a disaster." Others at the June 2 meeting in Washington, D.C., nodded in agreement. One muttered "it's scary."

Smyth added:

"We will have to wait and see if this is more Carter symbolism or if the President follows up on the tough talk."

Elaborating on the atmosphere in Washington, Smyth told of talking with a member of the staff of the Council on Environmental Quality (CEQ). The staff member is a hold over from the Ford and Nixon administrations. He says that the CEQ was a "lone voice" in the past. Since Carter came to town "it is entirely different." At administration meetings, all the CEQ must now face are a few Commerce Department questions and the "half-hearted" opposition of the Office of Management and Budget. Carter, Smyth was told, is personally reading working drafts of environmental policy papers sent to the White House. They come back to the CEQ containing his hand-written comments.

As was reported last week, the President's message endorsed proposals for many new wilderness areas, parks, trails and wild and scenic rivers. Industry in the past has dealt with such issues on a regional basis. It now has reached the point where a task force is being put together to coordinate opposition to the raft of proposals. Because the upper Penobscot is one of the rivers being considered for federal protection, we will get involved in the activities of the group -- at least long enough to see if it is worth the time. The National Forest Products Association will provide staff services for the task force.

Reaction to the President's message occupied only 20 minutes out of a three hour meeting June 2 in Washington -- a joint session with a companion committee from the NFPA. On other topics, reports included:

Energy -- Reports from hearings around the country indicate the Federal Energy Administration "hadn't done its homework" prior to issuing notices in May requiring companies to consider converting from oil to coal. A bark burner was put on the list by mistake. A paper company executive was asked by the FEA representatives why production lost during a shut down to permit the change from oil to coal couldn't be made up later. In Washington, industry is urging Congress write into the new national energy policy tax credits and other incentives for those who must convert. It's opposing price controls.

Water -- Senator Muskie has indicated he might now accept a House proposal for a moratorium on the Corps of Engineers' regulation of forestry activities. Industry is now trying to get such a bill originated in the House. The two bodies of Congress have been far apart on the issue, with the House overwhelmingly in favor of repealing the whole law, the Senate against the idea. The Corps meanwhile is considering the idea of a blanket permit by regulation which would eliminate many problems predicted by foresters.
'Scary Message' (continued)

Air -- Industry will push for adoption of an amendment similar to the House-approved "Breaux" amendment relaxing nondeterioration provisions of the Senate bill when debate starts next week. (Both Congressmen Cohen and Emery voted for the "Breaux" amendment.)

Labor -- One of Washington's most talked about proposals is H.R. 77. If passed (and it is given a good chance), it would mean recognition of a union as a bargaining agent would be legally required if the union submitted cards signed by 55 per cent of the eligible employees. No election would be necessary.

THE MAINE SCENE

Spruce budworm spraying has been completed in Eastern Maine with the only complaints coming from drivers stopped in Dennysville while helicopters were applying chemical close to U.S. Route 1. So far, there has been no adverse publicity. In New Brunswick the issue is still generating headlines....Federal funds for the project have been released by the Office of Management and Budget in Washington....A. Jay Higgins of the Bangor News called to ask for a ride on a plane surveying minerals on Great Northern lands near Portage. He was turned down by the owners of the plane on the grounds that the project is confidential in nature....Dennis Mills of the News called to ask if the hydroelectric system had to be cut back because of the lack of rain. Paul Firlotte confirmed the report....I was interviewed on WPBC-FM in Bangor on the wild and scenic rivers issue....The Katahdin Journal asked what steps were being taken to reduce the odor from the pollution plants....We put together an advertisement inviting customers of the Pinkham Company to visit the mills while on vacation in Maine....The Paper Industry Information Office released a survey of Maine mills showing the State was now the No. 1 papermaker in the union, replacing Wisconsin....Roger Boynton prepared newspaper layouts of pictures covering the annual banquet for retired employees....With rains late in the week, headlines telling of a rash of over 100 fires disappeared from the newspapers....I have been named to a new search committee to find a candidate to fill the job of executive director of Associated Industries of Maine. One committee gave up in disagreement. Chuck Cianchette is chairman and Bill Bullock the other committee member.

COMING EVENTS

June 8 -- U.S. Labor Department, public hearings on bonded labor, Springfield, Mass.

June 9 -- Communications Committee, Associated Industries of Maine, noon, Augusta.

June 10-- Paper Industry Information Office, directors, 9:30 a.m., Augusta.

June 14-- Associated Industries of Maine, directors, Augusta.

-- Forestry issues workshop, Maine Forest Products Council, Waterville.

June 16-- Workshop, public relations committee, Paper Industry Information Office, St. Andrews, N.B.

Sincerely,

Paul
Mr. Robert J. Shinners  
Vice President-Operations  
Great Northern Paper Company  
Millinocket, Maine 04462

Dear Bob:

The newsletter of the Public Affairs Department for the two weeks ending June 18 follows:

**THE LEGISLATURE**

Adjournment?

"There's talk of legislative adjournment in early July, but most State House observers are betting it will come during the third week of July. There are only 13 legislative days left until statutory adjournment (100 days), but leaders can provide for an extra ten days beyond that which would bring final adjournment up to July 21, without working Saturdays. A few hundred bills remain in committee, many of which will probably result in sharply divided reports, lengthy floor debate, caucuses, more debate, and long, long days and nights!"

---Milton F. Huntington, executive director  
Maine Petroleum Association

What's left of interest to the forest industries?

Both Lynwood Hand, Great Northern's legislative counsel, and Robert Moore, who represents Associated Industries of Maine on tax matters, say that they do not expect an increase in the corporate income tax. Talk of tax increases died as the state's revenue picture improved a bit this spring. State assessment of industrial property remains an issue in the tax reform picture. Representative Carey of Waterville, House chairman of the Taxation Committee, is determined to report out a bill providing state level assessment for property tax purposes. It looks like a 7 to 6 ought-to-pass report with all three Senators opposing the idea. Hopefully they can prevail on their fellow Senators to reject the proposal. On another front, it looks like compromises can be worked out satisfactory to industry on Commissioner Richard Barringer's proposals for changes in the Tree Growth Tax Law. That also appears to be true with the Maine Municipal Association's call for a constitutional amendment to permit
The Legislature (continued)

taxing the unorganized territory differently than cities and towns under the State and Local Government Tax. The compromise would allow the unorganized towns to be taxed only for services they received and would result in reduction of between one and two million dollars. A statewide referendum still will be necessary to change the constitution to permit such action.

A battle was shaping up (it got started June 17) over a proposal to tighten up benefits under the Unemployment Compensation Law. The Labor Committee revamped the bill (L.D. 143) and liberalized payments to those who quit jobs or are fired for misconduct. The original version would have saved $3 million, the amended version will cost $1 million. Associated Industries of Maine wants to make it necessary for persons who quit or are fired for cause to earn additional wages before qualifying for benefits. They can collect now, but must wait 13 weeks. In the same area, a bill banning mandatory retirement at age 65 was picking up support in the Legislature. So was another requiring employers to pay for pregnancy costs.

Redrafted legislation on measuring of wood started moving through the House June 17. Copies of the redraft were distributed to Bob Bartlett and Tom Pinkham the night before.

ON THE MAINE SCENE

Bill Adams, Maine commissioner of environmental protection, heads for Boston in July to take over as regional director of the Environmental Protection Agency. His successor will be named by Governor Longley. Observers say Hank Warren may move up from deputy commissioner and director of the Bureau of Land Quality Council. Charles Wyman, a retired Navy officer and former member of the Board of Environmental Protection, is another possibility according to published reports. He is on the Governor's staff....Dick Anderson of the Maine Audubon Society is actively seeking the Governor's nomination as commissioner of the Department of Fish & Wildlife. Maynard Marsh is going to retire....The Audubon Society has also established a committee to study the Penobscot issue and the group is planning a visit to the river this summer. Audubon's Anderson and his assistant, Bill Ginn, have both told newsmen that they oppose any designation which would prevent the construction of a hydroelectric facility. The Society is an energy conscious organization....Stung by charges it isn't paying its fair share of taxes, International Paper Company is planning a campaign this fall to tell how its Maine taxes stack up against those in other states. IP says that Maine taxes are by far the highest it pays. Plans for the company's campaign were among topics discussed at a meeting of the Public Relations Committee of the Paper Industry Information Office at St. Andrews, N.B., June 16-17. The committee recommended moving ahead with another public opinion poll in which attitudes on taxes, water and air pollution, and energy conservation steps will be evaluated by a professional firm. The Office last took a sampling of public opinion four years ago....Associated Industries of Maine is planning a series of regional meetings in the fall to stimulate interest in membership and to promote member participation in politics. Directors approved President Galen Cole's proposal at a June 14 meeting in Augusta....St. Regis Paper Company dedicates its $85 million Bucksport expansion at a June 22 luncheon when Governor Longley speaks....The S. D. Warren strike continues with some Westbrook businessmen predicting it'll go through the July 4 holiday....Scott meanwhile
Maine Scene (continued)

announced it was finally closing down its sulphite mill in Winslow. Scott has been running the mill and paying fines until its new pulp mill in Hinckley reached full production.

REDEFINING INDUSTRY'S GOALS

New goals for achievement of amendments to the Federal water pollution laws have been adopted by the American Paper Institute-National Forest Products Association Task Force responsible for strategy on this issue. Stan Smith of International Paper Company heads the group.

New short term goals were defined. Before this session of Congress adjourns in the fall, this industry would like to see three amendments approved: (1) a one-year moratorium on Phase III of the Section 404 dredge and fill permit program administered by the Army Corps of Engineers; (2) funds to permit construction of municipal systems to continue through September of 1978; (3) authorization for the Environmental Protection Administration to grant case-by-case extensions of deadlines for municipalities and industries.

The House has already approved such amendments. The Senate Committee on Environment and Public Works is being urged to do the same. If municipal funding is limited to one year, it would insure that Congress must enact further amendments next year -- hopefully approving the industry's long term goal, a "mid-course correction" eliminating the necessity for spending billions more on water pollution controls between now and 1983.

THE GOVERNOR AND THE WOODSMEN

At the request of House Speaker Martin, Governor Longley met in Augusta June 17 with a dozen woodsmen from the Allagash area and with Wayne Birmingham, president of the Maine Woodsmen's Association. The Governor told me that he cautioned that the laws must be obeyed and he would not tolerate violence. But the Governor is also seeking ways to quiet emotions. Bob Bartlett and I will go to Augusta June 21 to meet with Charles Wyman of the Governor's staff to get a report on the meeting and explore what, if anything Great Northern can do. Apparently the Governor heard complaints about Canadians taking work away from Americans and about Maine wood being shipped to Canada.

The meeting followed several days of newspaper stories telling of members of the Maine Woodsmen's Association picketing border entry points, attempting to block Canadians from entering Maine to work. Such activities generated a new rash of headlines, which produced a surprise final chapter. Allagashers who belong to a cooperative ran Birmingham and his supporters out. Readers of the Bangor Daily News, meanwhile, also were reading about a Canadian winning an Air Force contract to cut wood and Birmingham's complaints that an American should get the job. Senator Hathaway's office said there was nothing illegal because the Canadian's was so much better than the only other bid, that of a vice president of the Maine Woodsmen's Association.
THE INDIAN ISSUE

On June 17, newspapers carried a story quoting Justice Gunter as saying he would be meeting a self-imposed June 30 deadline for submitting recommendations to the President on the Indians claims issue. United Press International said the retired justice of the Georgia Supreme Court planned his last round of meetings in the week ahead. Gunter said he planned an informational meeting with members of the Maine Congressional Delegation on June 21...but he doesn't expect to tell them his recommendations.

PUBLIC RELATIONS

Bob Nesbitt of the Portland newspapers was sent 60 spruce seedlings in containers for use as tokens at a Scarborough convention of advertising directors of New England newspapers...200 seedlings also went to Bangor for the state convention of the Business and Professional Women's Clubs.... Dave Wollstadt of the Penobscot Times (Old Town) called regarding mill tours. He will include in a list of "things to do" for his readers the fact that public tours of the Millinocket mill are offered on weekdays.... Contributions have been made to the Millinocket Little League, Ashland Chamber of Commerce, Millinocket Jaycees and Maine Heart Association.... Scouts who cleaned up the Rice Farm road in the vicinity of the green house were treated to a cookout....Advertising sections featuring high school graduates were co-sponsored in Millinocket and Presque Isle.... And for the second time the editor of the Katahdin Journal called asking about progress in eliminating the odor from the secondary wastewater treatment system....Dick Stewart and Joe Dennehy of the Boston Globe spent June 6-7-8-9 in Millinocket and in West Branch harvesting operation Dick is New England correspondent for the Globe and was assigned to do a magazine story on wood harvesting and the people involved in the business. Tom Wildman and Dana Saucier guided the Globe team in the field.... Dennis Mills, the Bangor News business writer, couldn't get Chairman Haskell of Bangor Hydro to confirm June 9 that the utility and Great Northern were engaged in a joint study of the potential for a coal-fired power plant. After talking with Haskell, we also declined to comment. Mills went ahead and wrote a speculative story which appeared in June 11 editions. Haskell didn't want to publicly talk about the study before briefing members of the Public Utilities Commission.

COMING EVENTS

June 22 Meeting, Board of Environmental Protection, Augusta
24 New England Construction Users Roundtable, Waterville
28-29 Maine Council on Economic Education workshop, teachers on tour in East Millinocket, Ashland and West Branch

July 12 Government Affairs Committee, American Paper Institute, Washington, D.C.
14 Public Relations Committee, Paper Industry Information Office, Bucksport
15 Paper Industry Information Office directors meeting, Bucksport

Sincerely,

[Signature]

pmc/b
Enclosure
Mr. Robert J. Shinners  
Vice President-Operations  
Great Northern Paper Company  
Millinocket, Maine

Dear Bob:

The newsletter of the Public Affairs Department for the week ending June 24 follows:

THE LEGISLATURE

The old folks have a cause and they are demonstrating their political clout in Augusta.

One Senator from Penobscot County told Bob Moore, legislative counsel for Associated Industries of Maine, that he got 14 telephone calls in a single day urging him to support Legislative Document 1634 -- An Act to Prohibit the Practice of a Mandatory Retirement Age. The Committee on Human Resources gave it a unanimous "ought to pass" report. The legislation got preliminary House approval and was scheduled for its first test in the Senate June 24. What is the outlook? Moore says "we are in big trouble. The shower of cards and letters and the telephone calls are generating a lot of pressure on legislators."

Associated Industries of Maine appealed June 17 to members to contact legislators and oppose the bill. The Maine AFL-CIO is also opposed. Moore sums it up when he says "not withstanding the fact that the elimination of discrimination against the elderly is a laudatory purpose, the economic and social ramifications of this bill have thus far been given very little consideration. This is the kind of bill which begs for a thorough legislative study."

If passed, L.D. 1634 means that by 1980 forced retirement, based on age, or years of service, would have to be eliminated as a policy of businesses and agencies of government.

Maine would become the first state to take the step.

That was the big issue facing industry as the session stretched into its 92nd day. Soon the pay checks for legislators will run out, although expenses continue.
Legislature (continued)

The House approved a proposal to have the state value all major industries in the state for property tax purposes. Observers expected the Senate to reject the idea. Senators prefer a $300,000 program of technical assistance for local assessors. While the proposal had the support of eight of the 13 members of the Taxation Committee, all three senators oppose the concept. On another tax issue, the legislature is accepting the concept of a constitutional change in which the timberlands in the unorganized territory would be taxed only to pay for services in the region. It will require a statewide referendum. The Maine Municipal Association wants the change to permit cities and towns to tax at a different rate.

The AIM bill (L.D. 143) aimed at tightening up administration of the debt-ridden Unemployment Compensation fund is going places but has been rewritten to eliminate the original intent. Observers were hoping the Senate would reject the House approved version and substitute the tougher language covering "voluntary quits" favored by industry. The real key is what the House does the next time around.

Minor revisions in the Workmen's Compensation Act contained in L.D. 820 are expected to be approved without opposition.

The Part II budget includes $41,000 to get a woods training program started at Northern Maine Vocational-Technical Institute at Presque Isle. It has been a goal of Great Northern.

The wood measurement legislation was on the Senate appropriations table where bills remain until money is found to finance the cost of programs.

It was a week when matters dealing with people occupied considerable attention. In addition to old folks, the legislators dealt with pregnant women and medical benefits. A controversial bill (L.D. 821) is on the Senate appropriations table. The staff of the Human Rights Commission is trying to find a way to cut down the cost of providing medical benefits for pregnancy cases -- estimated at $600,000 a year in Maine's public schools.

**Augusta Meeting**

With Bob Bartlett and Wilmer Saucier of the Woodlands Department, I traveled to Augusta June 21 to meet with Charles Wyman of the staff of Governor Longley. We asked for the meeting after Governor Longley called with questions on the woods labor issue stemming from his meeting with a delegation from the Allagash area on June 17. Wyman said he would recommend to the Governor that an outside observer be sent to Allagash on a factfinding mission. The Governor has agreed. A member of the staff of the Employment Security Commission will be assigned to the project, Wyman has informed us. In the Allagash area, Wayne Birmingham has little support. In the area, despite the complaints over export of wood to Canada and the fact that Canadians are cutting wood in Maine, our reports are that people who want jobs have jobs.

After the meeting with Wyman, we also visited with House Speaker John Martin. Martin agrees that Birmingham is not a strong figure in the region despite his talk. The House speaker sees the immediate Allagash area cutters eventually being represented by the Allagash-St. John cooperative established by David Lutes, those in other parts of the state who want representation by the United Paperworkers International Union. Martin sees Birmingham losing support.
ON THE MAINE SCENE

St. Regis celebrated in Bucksport and in Bangor this week with dedication of the new paper machine. Governor Longley traveled to Bucksport to officiate and entertain the St. Regis directors at the Blaine Mansion in Augusta....The S. D. Warren strike continues with little publicity.... On June 24, Justice William Gunter was quoted in newspapers as telling the Congressional Delegation that there now is a "negotiating atmosphere" for the first time on the Indians claim issue. The stories said his report is expected in July. Action on legislation putting off the statues of limitations on the case was delayed until next week by other business in the House....Maine papers headlined stories that the industries of this state were leaders in the national efforts to clean up the waterways. The State Department of Environmental Protection said 100 per cent compliance would be obtained before July 1 with the start up of the pollution treatment systems for the Lincoln pulp and paper mill....With the Maine spray project completed without major problems, Director Lloyd Irland is planning a trip to Washington to discuss finances and chemicals for a 1978 project.

AROOSTOOK MEETING

Operators of sawmills in Aroostook County with cone burners met June 20 at the Pinkham Lumber Company office at Skerry Siding. Representatives of Great Northern, Diamond, Milmac and Levesque joined Tom Pinkham in discussing the impact of citations by the U.S. Environmental Protection Agency. It was agreed to keep each other informed and to meet again in the fall to consider a proposal to change the state law to permit continued operation of the burners. Representatives of Great Northern go to Boston June 29 to confer with EPA officials. Paul Levesque has already made the trip. Diamond and Milmac managers have meetings scheduled in July.

PUBLIC RELATIONS

Rhonda Reed went to Greenville June 21 to show the new 35mm slide presentation on Great Northern at the GNN auditors workshop....Mike Dostie of the St. John Valley Times called June 21 asking about a Great Northern donation of land on Long Lake to the Town of Van Buren. We discouraged premature speculation that the land would be available for a park....Bob Cummings of the Portland newspapers called June 24 with questions on the status of the Penobscot hydroelectric study. The environmental reporter had been canoeing in the Lobster Lake area (where campsites were littered with garbage he cleaned up)....Dues were paid in the Economic Resources Council of Maine....Tom Beiser, Millinocket librarian, presented a proposal for a series of talks on energy topics (burning of wood, insulation) at the library and requested a $250 GNP donation to pay expenses of speakers....In Bangor we visited the offices of Congressman Cohen (the Congressman is driving across country in August and probably will during that vacation make up his mind on his political future) and Senator Hathaway....With Fred Morrison, we listened to a proposal by the Wabanki Corporation for a wilderness pursuits program for young Maine Indians. They have asked for permission to camp out in the Debsconeag area....Plans were completed for a tour of Great Northern and Pinkham facilities by 40 teachers involved in the Maine Council on Economic Education's annual workshop in Orono....A mockup of a new brochure on the Pinkham Company is being prepared by Bob Cardin in Bangor. It will be designed for visitors to the mill....Rick Bryan plans a story in Forest
Public Relations (continued)

Industries Magazine on the new Pinkham mill... A story on the Great Northern noise-abatement program was approved for use in trade publications... Mary Bailey visited Augusta offices of trade associations and the State House on a two-day get acquainted trip.

Sincerely,

Paul

pmc/b

Distribution:
J. R. Adams    P. I. Firlotte  W. E. Lloyd  C. H. Reed
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Mr. Robert J. Shinners  
Vice President-Operations  
Great Northern Paper Company  
Millinocket, Maine 04462

Dear Bob:

The newsletter of the Public Affairs Department for the week ending July 1 follows:

THE LEGISLATURE

Weary legislators have sent to Governor Longley a bill he is expected to sign into law which will tighten up benefits for those who quit jobs or get fired for misconduct. Legislative Document L.D. 143 originated with Associated Industries of Maine. The House did an about-face June 28, accepting a version of the bill as revised in the Senate, 85-54.

The Senate version requires a claimant who voluntarily quits or is fired must go back to work and earn four times his weekly benefit amount to qualify for jobless pay. The original legislation would have required him to earn eight times as much. The Senate rejected a House provision permitting a person to qualify for benefits by going back to work or by registering for 12 weeks. Despite the fact the fund containing money for such benefits is "in the red" lobbyists of both organized labor and low income groups opposed the change.

Legislators recessed Thursday night for the 4th of July holiday weekend and will return to Augusta July 6.

On other matters:

The Senate rejected by a 16-13 vote a bill (L.D. 1606) approved in the House which would have required state level assessment of industrial property with a value of over $1 million. The legislation looks dead for this session.

Led by Speaker John Martin, the House rejected the idea (L.D. 1212) of permitting different tax rates in the unorganized territory under the State and Local Government Tax then those imposed in cities and towns. The rates in the unorganized territory would be based only on revenue
The Legislature (continued)

needed for "local" services (education, fire protection, etc.) such as municipalities also provide. Martin says he didn't understand the complicated legislation which was proposed by the Maine Municipal Association. Final approval would come in a statewide referendum because a change in the State constitution would be necessary. The MMA says 180-odd towns and cities are not complying with the little-known law and would be "pay in" towns if they are assessed at the same rate the state does in the unorganized territory. If the bill dies this session as expected, the Legislature will approve a study.

Legislation prohibiting mandatory retirement based on age or years of service is tabled in the Senate. We sent Lynwood Hand a summary of reasons why GNP is against the idea. The arguments were assembled by Jay Bingle in Stamford.

Lynwood Hand expects final adjournment to come late next week or the following week.

THE INDIAN CLAIMS

The U.S. House of Representatives finally agreed on July 1 to extend the statues of limitations governing the claims of Indians. The House voted a 30-day extension of the law permitting suits to be filed. This step was designed to take away the necessity of the Justice Department going to court on behalf of the Maine tribes. The Portland Press Herald summed it all up with a headline in July 1 editions: "Maine Given Breather in Claims Case."

The Senate has approved a bill which would give the Justice Department until the end of 1981 to file suit for monetary damages on hundreds of pending Indian claims. Correspondent Donald Larrabee wrote in the Portland newspaper story that "there is strong support in the House for a Cohen amendment which would reduce the extension from four and one-half to two years."

Congress is in recess until July 11 but another round of headlines can be expected soon when Justice Gunter makes his report to the President. The retired justice of the Georgia Supreme Court has told reporters he will submit his report within two weeks.

In the Congressional Record of June 6, Congressman Cohen is quoted as telling colleagues what he would expect to happen if a suit is filed by the Justice Department:

"The mere filing of such a suit could have a disastrous impact on the economic and social fabric of the State of Maine. The deep uncertainty already raised by these Indian claims could easily be translated into total chaos, if the United States takes such a formal action. Both the State and local units of government will have extreme difficulties in selling bonds and otherwise raising revenue for needed capital improvements and carrying on the everyday business of government. Banks would no longer be willing to finance home loans or mortgages. Investment and commercial development already arrested, will virtually come to a halt. Title to all property in the claimed area would become indefinitely clouded thereby prevent the orderly sale or transfer of property by individuals whose sole major investment is their own home. New homebuilding and the entire construction industry will be adversely affected, with all the usual recurring impact on unemployment levels."
THE TEACHERS TOOK A TRIP

They saw newsprint made in the East Millinocket mill. They toured the new Pinkham lumber mill. In a Greyhound bus they followed a lumbering moose for a short distance. During a 65 mile drive through the woods from Skerry Siding to the West Branch region, they also stopped for a cold drink at the Pinkham logging camp. In the Coffeelos area they saw harvesters fell and yard trees with chain saws and skidders. At Telos they watched mechanical harvesting operations. A stop at Ripogenus Dam was the last of the day before they drove down the Golden Road to Millinocket and from there returned to Orono.

Involved were approximately 40 teachers from Maine communities enrolled in a three-week economic education workshop at the University of Maine. For the first time this year participants in the workshop are going on the road to visit Maine business and industry. In addition to stops at the Great Northern and Pinkham facilities, the teachers visited a farm and a rubber company plant in the Presque Isle area. Stops in a printing plant, an oceanographic research center, the Bath Iron Works, a Portland banking center, a whole grocery distribution center and a textile mill were on the schedule for the third and fourth days.

Great Northern made the tour possible with a special $2,000 grant to the Maine Council on Economic Education.

FANNING THE WOODS LABOR ISSUE

Independent Woodsmen Are Labeled Employes
---Bangor Daily News, June 29

Woodsmen Are Eligible For Unions, Panel Rules
---Portland Press Herald, June 30

Woodsmen Arrested at St. Regis Woodcamp
---Ellsworth American, June 30

The woods labor issue stayed on the front pages of newspapers as the result of two developments. First, a panel of the National Labor Relations Board ruled, according to United Press International, that independent woodsmen or employees of contractors "are, in effect, employees of the company for which they cut, making them eligible to join unions and bargain collectively." The full board is being asked by Prentiss & Carlisle, the company involved, to reconsider the decision which has nationwide implications. According to the Ellsworth American, the majority opinion cited passages from the "Paper Plantation" which claimed "Maine woodsmen have been reduced to a state of economic serfdom by the paper companies."

On July 29, six representatives of the Maine Woodsmen's Association led by Vice President Bill Butler were arrested when they tried to picket a St. Regis woods harvesting camp in Eastern Maine.

The same day children of members of the woodsmen's group were photographed picketing the St. Regis mill at Bucksport and the picture appeared in June 30 editions.
We donated funds to pay for prizes for the Great Northern Open Golf Tournament, provided lumber to allow the Allagash Historical Society to complete building a log cabin which will be the society headquarters and agreed to co-sponsor a series of advertisements promoting Lumberjack Week in Ashland....With Paul Firlotte, we started planning an information meeting for the Penobscot study committee of the Maine Audubon Society. The committee will visit Millinocket July 19....Advertisements in special editions of the Jewish Advocate, the Burlington, Vt. Free-Press and the Bloomsburg, Pa., Morning Press were scheduled at the request of the sales department. GNP policy provides for such advertisements on significant anniversaries such as 75th and 150th. We pay for a page dedicated to a local charity picked by the publisher....Ad-Media provided a detailed progress report on getting ready to publish a condensed version of John McLeod's company history. The task of selecting 188 illustrations is nearly complete...We arranged for a photographer retained by the Boston Globe to tour the East Millinocket mill July 6....Bob Cummings of the Maine Sunday Telegram, as anticipated, devoted his June 26 environmental column to the possibility of another Great Northern hydroelectric facility on the West Branch....With help from Tom Mitchell of Georgia-Pacific, we set up a meeting of Maine's spruce budworm control directors with the Washington representatives of paper companies....The new 35 mm slide program was shown for three groups this week. Showings in the E&R Building Conference room can be arranged by calling Rhonda Reed.

Sincerely,

[Signature]

pmc/b

Distribution:

J. R. Adams       P. I. Firlotte       W. E. Lloyd       C. H. Reed
E. E. Allain      T. H. Flanagan     O. J. Lombard     W. A. Saucier
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R. K. Elston      D. J. Krohn        T. S. Pinkham     P. F. Yacavone
Mr. Robert J. Shinners  
Vice President-Operations  
Great Northern Paper Company  
Millinocket, Maine  04462

Dear Bob:

The newsletter of the Public Affairs Department for the two weeks ending July 15 follows:

GOODBYE —- FOR NOW

After 100 days of its first annual session, the Legislature wrapped up its business on July 11 and for all practical purposes adjourned. Members will return July 25 for a day, to act on any vetoes by Governor Longley. But unless something changes their mood, tired legislators have had enough of Augusta for now.

It was a good session for the business community, Lynwood Hand reports.

While the cost of government continues to climb, an attempt early in the session to boost the corporate income tax was rebuffed. Legislators stuck with plans to phase out the inventory tax. Only minor changes were made in the Tree Growth Tax Law. In the closing days, the Senate decisively killed the proposal calling for state-level assessment of industrial property over $5 million —- mostly pulp and paper mills. Earlier a Maine Municipal Association proposal for a constitutional amendment which would have permitted taxing the unorganized territory differently than cities and towns also died.

After a valiant try, the Maine Committee on Aging had to bow to reality and accept a compromise on the proposal to ban mandatory retirement based on age, or years of service. The old folks got what they wanted in the ranks of government. What happens in private business was left up to the next session in 1979 —- which must consider the results of a study. Associated Industries will coordinate industry participation in the state study. John Day of the Bangor News credited a strong paper industry lobbying effort with turning the tide.
Goodbye (continued)

For the first time in years, legislators voted to tighten up eligibility for benefits under the employment compensation law. It was a proposal advocated by Associated Industries --- one of several results of the new AIM Lobbying program. You will recall Great Northern took a leading role in raising the money for the program. While the legislators take this step, they also imposed a .003 surtax on the debt-ridden fund from which benefits are paid. This retroactive legislation cost Great Northern $40,500 in the first three months of 1977.

Changes in the wood measuring law were approved but the State Department of Agriculture wasn't given a cent to implement its provisions.

On the final day an amendment was guided through the Legislature by Hand (with help from Ben Dorsky of the AFL-CIO) to allow businesses and labor organizations to establish maximum age limitations for apprenticeship programs. Great Northern sought the revision in the Maine Human Rights Commission law.

A proposal which would have required the inclusion of pregnancy and maternity benefits in employer's disability insurance program was finally blocked in the Senate on the last day of the session. There were estimates that it would increase the cost of insurance premiums by 20 per cent. Like the mandatory retirement question, Congress is also facing this issue and the final answer may come from Washington, not Augusta.

The House also turned down the State Chamber of Commerce bill that would have placed a $15 per barrel sales tax ceiling on industrial fuel oil.

A legislative report meeting is planned at 1 p.m., Wednesday, July 27, in Millinocket. We will also evaluate the program of sending management representatives to Augusta and set in motion a series of invitations to legislators from this region who have not visited the paper and lumber mills or woods harvesting operations. Several have requested tours.

"NEVER SO MANY ISSUES"

"Never have the paper and forest industries faced so many issues at one time," acting chairman Ralph Kittle of International Paper Company said as he opened a joint meeting of the government affairs committees of the American Paper Institute and Forest Products Association, July 12 in Washington. An overflow crowd reflected his statement.

Issues discussed included:

Water Pollution --- Stan Hulett of API said a Senate committee is starting to mark-up amendments of Federal water pollution laws. Senator Muskie of Maine was quoted as saying he hopes to see a bill on the Senate floor by the end of the month. Will the Senate make a major "mid-course" correction and save the paper industry from spending billions of dollars? The staff of the Senate Committee was talking about water quality standards rather than the rigid
Issues (continued)

Technological standards. That was the ray of hope. The crucial
decisions were put off until late in the week. What ever happens
in the Senate, there will undoubtedly be a need for a compromise
between the two branches of Congress. Bob Hellendale reviewed
Great Northern's thinking on the issue with Senator Muskie's
administrative assistant.

Capital Gains Taxation -- "Trial balloons" by the Carter
administration are worrying industry tax people. Sid Hawkes
of Mead Corporation says the threat doesn't seem aimed at
capital gains on timberlands but "capital gains in general"....
A counter-attack is being coordinated by the Forest Industries
Council's tax committee. A letter to Treasury Secretary Blumenthal
was being prepared in Stamford stressing the value of capital gains
to the corporation. The President's tax proposal's are expected
to go to Congress in September.

Energy --- Several House committees are at work on the President's
energy program. "The votes do not seem to be there (in committee)
for natural gas deregulation," Tom Mitchell of Georgia-Pacific
reported. The Ways and Means Committee favors tax incentives for
hydroelectric, wood waste and cogeneration facilities. Final House
action is predicted in August.

Woods Labor --- The courts offer the only real hope for reversing
a ruling of a National Labor Relations panel, one observer told
the committee. Unless overturned, the controversial ruling would
make employees of contractors eligible to negotiate with land
management firms. The ruling is the result of a union appeal to
the NLRB. Prentiss & Carlisle at Bangor is the land management
firm involved.

Clean Air Amendment --- No word yet on when conferees will try to
iron out differences between House and Senate.

UPCOMING: ONE MORE REPORT

The Joint Select Committee to Study Maine's Forest Resources has
approved a final report and hopes to issue it in August. While
he's not happy with the entire contents, Mike Collins of Pinkham
Lumber expects the "Barringer-version", named after the Conservation
Commissioner, to be made public as scheduled. Some disgruntled
members may file minority reports, according to Joe Lupsha of the
Maine Forest Products Council. Sections on woods labor and the
marketing of Maine's resources will likely stir up what little fuss
will be made over the report --- the result of 24 meetings in
which 100 witnesses were heard.

INTO THE TWENTY-FIRST CENTURY

"From the volume of legislation presented to each legislative
session, it would seem that government is being often asked to
solve problems which would better be solved by cooperative public-
private action," says the 150-page preliminary report of the
Commission on Maine's Future. A final report with recommendations
on the course which the state should chart into the twenty-first
Twenty-First Century (continued)

The preliminary report asks for public support in translating general views into hard recommendations. In addition to urging "private solutions to public problems", the report also suggested Maine:

--- Provide "through rate or tax incentives encouragement to industries" which make themselves self-sufficient in the production of power....
--- "Major employers will be forced to develop significant sources of energy, ranging from hydroelectricity to the burning of waste materials."
--- "continue to pursue aggressively its present water clean-up program."
--- "larger holdings of forest land are predominantly the best managed of the privately owned forest land....little professional, technical and marketing assistance is available to more than 80,000 private landowners."

WAITING

This was the week when people waited for Justice Gunter to submit to the White House his proposal for a settlement of the Indian land claims. The Justice has told the press his report would go to the President July 15 and the Maine Congressional Delegation was invited to a briefing on the report that afternoon. It wasn't clear whether the report would be immediately made available to the public.

There was considerable speculation on what Justice Gunter would propose.

Newspapers on July 14 reported the Gunter proposal would include $25 million from the Federal Treasury with the State of Maine turning over a portion of the state's public lots to the two Indian tribes.

The week also saw the House of Representatives in Washington accept Congressman Bill Cohen's proposal for a two-year extension of the deadline on the filing of claims on behalf of Indian tribes. On July 14 as Maine waited for word on the dispute involving the Passamaquoddy and Penobscot tribes, the Bangor Daily News reported "Oneidas Win Test Case". A Federal judge in New York State ruled in favor of the Oneida tribe which is claiming 250,000 acres of land.

ELSEWHERE

A Great Northern Nekoosa Foundation check for $5,000 went to the Katahdin Area Council of the Boy Scouts of America....An annual contribution of $1,500 was made to the Maine Council of Economic Education....Calls were received from the Katahdin Journal and WMKR asking about the July 9 fire in Millinocket. The town department was called....Funds were provided to equip a men's team for the Millinocket softball league.

Sincerely,

pmc/rr
Mr. Robert J. Shinners
Vice President-Operations
Great Northern Paper Company
Millinocket, Maine 04462

Dear Bob:

The newsletter of the Public Affairs Department for the week ending July 22 follows:

**THE "BURNING" ISSUE**

A fire which swept out of Baxter Park into timberlands of Great Northern Paper Company on July 18 revived an issue --- whether or not the park should be left "forever wild". Environmentalists went to court and blocked the salvage of trees blown down in the Park by winds during a 1974 snowstorm. On adjacent Great Northern lands, the wood was salvaged.

"The fire in a blowdown area at Baxter State Park is certain to produce a 'we-told-you-so' reaction from those who argued a year ago that environmentalists were wrong in effectively blocking a timber salvaging operation in the area," said the Portland Press Herald in a July 21 editorial, cautioning: "That kind of accusatory reaction, however, will settle nothing. Nonetheless, the fire --- tragic though it may be --- does offer the opportunity for a sober and clinical investigation in an effort to profit from our experiences."

Bud Leavitt, the veteran columnist of the Bangor Daily News, on July 22 lashed out at the "Forever Wild Five" --- the group which went to court:

"It is time the courts and our state administrators stop yielding to pressure and accept the advice of trained, scientific people. If forest management practices deem it proper to clean up after a hurricane in the interests of protecting a jewel the likes of Baxter, that's the route we should and must go....And no amount of dialogue from the Forever Wild Five will convince Maine people they should not share the guilt of what happened north of Millinocket."
The fire produced many inquiries from the media as well as requests for assistance. A reporter flown to Millinocket by the Associated Press came back from her first visit to the fire scene with several quotes from tired and bitter men. They all said the same thing; they couldn't understand why the "Forever Wild Five" had opposed the salvage operations. "That's all they want to talk about," Nancy Shulins said. Copies of a fact sheet prepared in 1975 by the woodlands department were given reporters. Two of the reasons cited for salvaging the timber at that time were the need to eliminate fuel for future fires and the need to get roads in place to use in fighting such fires. When the fire jumped out of control on July 20, Gordon Manual of WABI-TV asked for assistance in catching up with developments. Just back from a flight over the fire, Les Hazelton filled Gordon in on what was happening.

This 2,000 acre fire is going to produce sparks in the press for months to come.

Conservation Commissioner Dick Barringer anticipated what will result from the routine investigation which follows major fires. In a memorandum to the Governor, Barringer said: "Our forest fire control people will be providing us with a review and analysis of the fire which will undoubtedly confirm the fact that the fire spread more rapidly, burned with greater intensity and was significantly more difficult and dangerous to control within the blowdown areas that were not salvaged."

Three of the "Forever Wild Five" defended their stand in talks with reporters. Ron Davis of Orono, a University of Maine faculty member, said the Park must be managed as a wilderness, not as a recreation area. Writer Aime Gauvin of Kenduskeag and businessman Charles Fitzgerald of Atkinson both said fires are a part of "nature's system".

**THE GUNTER REPORT**

After Judge William Gunter made public his proposals to settle the Indians claims ($25 million from Congress, 100,000 acres from the State of Maine), the Georgian talked with reporters at the White House, suggesting at one point:

"...and the private property owners who own large tracts of land could all pitch in and put in 10,000 acres apiece or 5,000 acres apiece and maybe the State just put in a portion of it, and that would bring the thing to a settlement."

Broadcast over two Maine stations, Judge Gunter's remarks generated headlines such as:

"Gunter: Private Owners Can Help"

--- Maine Sunday Telegram, July 17

"Private Land Offer Urged"

--- Bangor Daily News, July 18
Gunter (continued)

The Portland newspapers pointed out that while Gunter didn't specify which landowners he meant, "the major private property holders affected by the Indian land claims are paper companies."

Angry over the thought of giving up state lands to the Indians, Conservation Commissioner Barringer also put the finger on the major landowners. He was quoted in the Bangor Daily News as saying, "I don't think the people should be expected to pick up the tab for a dozen landowners."

Justice Gunter has invited principal figures in the case to the White House July 28 to go over his recommendations.

On the advice of counsel, the major landowners are not publicly commenting on this delicate issue. Representatives of the companies involved will meet in Washington, July 25, to discuss strategy.

**THE MID-COURSE CORRECTION**

Congress seems on the verge of backing away from technology-based standards for water quality. Industry will save billions of dollars if this happens. The Senate Environmental and Public Works Committee will recommend amendments to the Federal Water Pollution Control Act which will put the emphasis on water quality. If industry can meet water quality standards, Senators will recommend that companies be spared the cost of installing the Best Available Technology by 1983. The committee's action was hailed as a victory by the paper industry. Action by the full Senate is expected in early August. The House already has passed legislation and a conference committee will be necessary before final action in both branches expected in early fall. Few had expected such swift resolution of the issue.

**THE WEST BRANCH**

On July 19 five representatives of the Maine Audubon Society flew to Millinocket to evaluate the impact of the designation of the West Branch of the Penobscot as part of the national Wild & Scenic Rivers System. Herb Hartmann of the Bureau of Parks & Recreation and Paul Johnson and Roger Auclair of the Fish & Wildlife Department also participated in the meetings between the Audubon committee and Great Northern representatives. Paul Firlotte briefed the group on the company's power systems and the study of potential dam sites now under way. Bart Harvey discussed forest management in the West Branch watershed and Jim Carson ran down the regulations now governing activities in the region. We drove to Ripogenus, stopping at two sites under study and at McKay station. Audubon President Horace Hildreth, Jim Thorne, Bill Reed, Eleanor LaCombe and Bill Ginn are considering a position on the proposal for designation. The Society is extremely energy-conscious. So it wasn't surprising to see questions range from hydroelectricity to the burning of wood. Bob Shinners and Bob Bartlett joined us for the opening sessions.
Perhaps the most interesting comments of the day from a GNP standpoint were those of Hartmann. The parks and recreation chief is getting ready to launch a $30,000, one-year, study of the area. It will be the basis for the Governor's decision on whether or not he will recommend federal designation. "Wild and scenic rivers are a major part of the Carter administration conservation policy," he said. "If nothing happens on the Penobscot as a result of the State study, I think there now is a chance of federal acquisition and federal management. That wouldn't have happened under the Ford administration."

Ginn, the assistant director of the Society, says he would expect the committee to make a recommendation to trustees of the Society at a September meeting, or maybe put the whole thing off until the state study is completed.

ELSEWHERE

Dick Stewart wrote to report that his story on life in Great Northern's timber harvesting camps would be the cover article in the Boston Sunday Globe magazine on August 7....Contributions were made to a high school gymnastic camp fund in Millinocket and the Chesuncook Village Church, a restored historic site. Advertisements were placed in the Fort Kent Lions Club golf tournament program and in the Mattanawcook Academy yearbook....A news release on GNN earnings was distributed to the Maine news media (and promptly printed in the Bangor Daily News)....A Millinocket showing was scheduled on Tuesday, August 30, at 7 p.m. of a film report of the Commission on Maine's Future. Great Northern was asked by the Commission to sponsor the showing.

BACK IN AUGUSTA

Legislators return to Augusta July 25 to deal with several major pieces of legislation sent back to them with vetoes by Governor Longley. Because he was unhappy with a pay raise plan for state employees, the Governor returned the supplemental budget containing funds for the Aroostook County Vocational-Technical Institute woods harvesting program and spruce budworm funds. He also vetoed the proposal eliminating mandatory retirement at 65 in public service. Legislators had hoped to deal with the vetoes in one day. Whether this will be possible or not, only Monday will tell.

ENCLOSURES

New pamphlets covering the Millinocket and East Millinocket water pollution abatement systems are enclosed. Additional copies are available.

Sincerely,

[Signature]

pmc/rr
Mr. Robert J. Shinners  
Vice President-Operations  
Great Northern Paper Company  
Millinocket, Maine 04462  

Dear Bob:

The newsletter of the Public Affairs Department for the week ending July 29 follows:

FRUSTRATIONS IN WASHINGTON

"If the State of Maine and the Indians can't agree on supporting Justice Gunter's plan, I can't believe Congress will accept it." That's what a senior member of the staff of a Maine member of Congress was saying July 29 in Washington.

The State was balking at providing the Indians with 100,000 acres of land.

The Indians were demanding a chance to negotiate with landowners.

Maine newspapers reported on July 30 that talks between Justice Gunter and those involved in the dispute would continue during the Congressional recess which starts in another week. At the same time the president's trouble-shooter will be dealing with a similar Massachusetts controversy. Nothing is expected in the way of legislative proposals until 1977. Congress comes back from recess to devote another month or two to business before winding up the session for the year.

Governor Longley and Attorney General Brennan were quoted in Maine newspapers as saying that they preferred letting the Indians sue for a half million acres of public lands to providing 100,000 acres for the tribes. This was one of the options suggested by Justice Gunter. But the Indians are unhappy that the Justice proposes the Congress wipe out all other claims. "We spent five years getting the courts to force the Federal government to act as our trustee," one Indian leader said. "Now this man says that if we don't accept his terms, the President should protect the big timber companies by taking away our claim. I just don't understand it."

Millerocket, Maine 04462. (207) 723-5131 Ext. 228
Frustrations (continued)

This week Gunter met with the Indians and State officials in separate meetings on July 28 and with the Maine Congressional Delegation July 29.

National Indian leaders, liberals and Maine political leaders signed a telegram urging that President Carter not recommend wiping out the Indian claims to private lands. Included were GOP State Chairman Bob Monks and Democratic State Chairman Harold Pachios.

Strongest editorial of the week was that published on July 27 in the Kennebec Journal in Augusta, saying in part:

"There are Indian claims the state should stand ready to acknowledge. Reservation lands have been nibbled away for right-of-ways, Indian lands sold without tribal consent and the funds not always channeled for the good of all. But to declare at this late date that the treaties which the tribes have followed for generations are no longer valid, amounts to legal blackmail. It is comparable to the Soviet Union demanding full compensation for the State of Alaska in light of its ensuring development and burgeoning value. Despite the economic chaos this Indian sword of Damocles represents, we hope Maine remains firm in its position that the case must be tried in court."

Robert Hellendale and I attended a meeting in Washington on July 25 when Attorney Donald Perkins consulted with clients on strategy on the Indian issue. On July 29 Hellendale answered questions from Miranda Spivak of the Maine Sunday Telegram. Miss Spivak was seeking comments on Justice Gunter's proposal that owners of blocks of forest lands might want to contribute to a settlement.

THE FIRE

The fire which spread over 3,400 acres of land in Baxter Park and on Great Northern timberlands is under control but the controversy over the blaze is going to rage for a long time. Conservation Commissioner Barringer this week came to the defense of environmentalists who blocked salvage of wood in the fire. He said an investigation will provide the facts needed to evaluate the cause of the fire. Meanwhile, everybody had something to say, or write. Most are concentrating on policies governing park management. I wish more would focus on the problems which would be created if fires are permitted to rage out of control in a park in the midst of commercial timberlands and on the rights of the landowners.

CLEAN WATER ACT OF 1977

Staff members of the Senate Committee on Environment and Public Works say the Clean Water Act of 1977 will be considered by the full Senate on August 4, one day before Congress recesses for a month. The legislation includes amendments supported by the forest industries. One exempts normal silviculture and forest roads from the permit program of the Army Corps of Engineers. Earlier the Committee made a significant move in substituting water quality standards for technology standards.
The Angry Man (continued)

Eldridge also tried to negotiate a revision in Great Northern policy. We also have been getting letters. All get personal and prompt replies, explaining "our side."

**THE WOODSMEN**

The situation perhaps was best summed up in a headline in the September 23 edition of Maine Times:

"UNIONS: the woodsmen go on the offensive"

Ironically the woodsmen were on the offensive in the arena of public opinion at a time when the Maine Times conceded they "face a bewildering array of serious charges." They didn't have to do a thing to generate more headlines. Some samples:

"NLRB finds merit in complaint against St. Regis"
"Woods truckers add complaints"
"If you tell em they're wrong, they get rid of you"
"NLRB to issue complaint against St. Regis Paper"
"Woodland owners organize in try for better prices"
"Woodsmen charge price-fixing"
"Woodsmen hold no hope in legislative assistance"

The big news was the fact that the National Labor Relations Board notified attorneys for the Woodsmen's Association that it would issue a complaint against St. Regis for denying pickets access to a logging camp and having the woodsmen arrested.

The investigation of Great Northern Paper by the Attorney General's department was mentioned in Maine Times, the St. John, N.B., Telegraph-Journal and the Ellsworth American. Clippings have been included in the daily service.

At week's end, there had been no public announcement of the outcome of Grand Jury hearings in Machias where testimony was heard on the August 17 raid of a St. Regis logging camp. Witnesses have been quoted in the press as saying MWA President Birmingham and Vice President Butler were among the raiders. Birmingham has denied the charge.

**LEGISLATIVE STUDIES**

A select committee on Workmen's Compensation has been named by Senate President Joe Sewall and House Speaker Martin and asked to report by December 1 on how the program can be improved. Robert Flynn, safety director of Hillcrest Foods, Inc., Lewiston, and chairman of the AIM Safety and Workmen's Compensation Committee is the industry representative on the committee. Staff assignments have been made for 47 legislative study or research projects. Subjects to be covered include state laws affecting the operation and construction of dams (by the Public Utilities
Legislative Studies (continued)

Committee), taxation in the unorganized territory (hearing scheduled September 29 by the Taxation Committee), standards of the Land Use Regulation Commission (continuing September 29 by the Natural Resources Committee) and a Maine Energy Policy (by the Energy Committee). I am asking Lynwood Hand to keep an eye on the dam study which stems from a proposal to repeal the mill act. AIM will monitor the workmen's compensation study. The Paper Industry Information Office will track the study of taxation in the unorganized territory. The scope of the energy policy project isn't clear and needs to be checked out.

ELSEWHERE

With a helping hand from Telos Foreman Ted Condon, I guided Portland attorneys Bob Moore and Mike Healy on a West Branch tour. The two represent Associated Industries and had not previously been in the region. Hand accompanied us on the tour....At the AIM meeting, Diamond International representatives were talking of a $25 million expansion of the Old Town mill -- a new tissue machine -- which they said would be soon announced... While St. Regis was the chief target for the woodsmen in the press, the Bangor Daily News buried in one edition a brief reporting that employees of the company's stud mill had rejected affiliation with the UPIU, 92-28....With John Staples, I met with Fred Clough to go over the 80 pictures selected as illustrations for the John McLeod book covering Great Northern Paper Company. Publication is scheduled this fall.... AIM holds a regional public affairs meeting on September 29 in Caribou for Aroostook businessmen. Pete McConnell of the Pinkham company, Wilmer Saucier, Hand and I will attend....A New Hampshire state legislator called for state funds to spray 60,000 acres of budworm infested forests. The day before a biologist for the Atlantic Salmon Commission was quoted as saying he fears half of the salmon population in the Dennys River has been lost because of spraying. Lloyd Irlan of the State Department of Conservation said September 22 he was prepared to rebut the charge....Unlike some parts of the country, unions are gaining strength in Maine. One reason why is that new areas have been invaded according to Ben Dorsky of the AFL-CIO. "For instance," he says, "the woods operations, that's a completely new area that just developed in the last year and a half." He said the state should try to attract more industries such as paper companies which pay well and make substantial contributions to the state's economy....State Treasurer Leighton Cooney told newsmen "we can't forget about the Indian problem as a result of this, but we can certainly breathe easier," after the sale of a $77 million bond issue at a 5.11 per cent net interest rate.... A GNN news release on the prospects of favorable third quarter earnings was distributed....Advertisements were taken in year books for high schools in Millinocket, Sherman, Fort Kent and Howland and in a Millinocket Art Society booklet....Dan Morgan, the Washington Post agriculture reporter, who recently visited Maine to write on the woods labor issue (his articles have been reprinted in the Maine Sunday Telegram and the Ellsworth American) wrote a September 11 piece on paper companies' profits being "rooted in tax codes." In the article he said that Great Northern Paper which owns 2.1 million acres of Maine timberlands pays less than $1 an acre in local taxes on much of its forest properties.

Sincerely,

Paul

pmc/b
Mr. Robert J. Shinners  
Vice President-Operations  
Great Northern Paper Company  
Millinocket, Maine  

Dear Bob:  

The Public Affairs Department newsletter for the week ending September 23:  

WASHINGTON TURNABOUT  

As you have read in the press, there has been a dramatic turnabout in Washington on the energy issue. The Senate Finance Committee has rejected key portions of the Carter administration program approved in the House. Proponents of natural gas deregulation (including the paper industry) won a 52-46 victory in the full Senate, forcing a vote on the issue. The Senate appears headed in a different direction than the House, favoring pumping taxes resulting from the program into developing new sources of energy. The Finance Committee, handling only the taxes relating to the package, will turn to business taxes starting September 26 and plans to finish the job by the end of the week. The entire Senate may get bogged down in a great debate over the gas policy. Leadership now wants to adjourn for the year on October 15 with work on the energy policy completed. One thing is certain. The energy policy is going to be completed in a rush, if it gets done at all in 1977.  

From a Great Northern Paper Company point of view there were no developments this week on the tax incentives for hydroelectric power. Jack Norman of the staff of Senator Hathaway says he anticipates no problems in getting our problems with the House-approved bill solved in the Senate Finance Committee. Chuck Wilson of the American Paper Institute is also keeping an eye on the scene and we are talking daily with him. Jerry Perkins will stop in Washington on September 26 to check the draft of language being prepared for the offices of Senator Packwood and Hathaway. Phil Cannella, Paul Firlotte and I are all "on the alert" to make a quick trip to Washington if the need arises. Senator Packwood last week published a statement in the Congressional Record indicating his interest in hydroelectric power.
AIM'S ANNUAL MEETING

Traditionally the annual meetings of Associated Industries of Maine was held at a coastal resort. They were leisurely affairs when businessmen talked business to businessmen. This year all that changed. Representatives of over 60 Maine concerns -- the best representation in 40 years -- gathered in a downtown Portland motel on September 23 for a one-day session devoted to public affairs. Martin Ryan Haley, a New York and Washington expert in the field said that "the most important influence on every aspect of business is government" and that a public affairs program is a self-preservation center for a company.

The program of the day included:

--- A warning of brownouts in Maine if utilities can't overcome over-regulation, capital shortages and public apathy. Central Maine Power's Skip Thurlow also said he anticipates bitter opposition to hydroelectric power projects in Maine. Downplaying talk of wood as a partial solution to Maine's problems, he said the cost of power produced in a wood-fired plant (such as the widely publicized Lincoln project now under consideration) would be five times as expensive as that produced by Maine Yankee.

--- A blunt warning from Frank Sleeper of the Portland newspapers that business must quit practicing public relations in dealing with the media and "volunteer the bad news." Gordon Manual of WABI-TV added that "silence is not golden in dealing with the media."

--- AIM President Galen Cole, Bill Bullock of Merrill Bank, Leon Gormar of L. L. Bean and Spencer Miller of the Central Maine Railroad wound up the day by urging businessmen to get involved in public affairs.

Al Tozier joined me for the sessions.

THE ANGRY MAN

Wayne Hockmeyer is mad at Great Northern Paper Company. He is in the whitewater raft business on the Penobscot and Kennebec rivers. At the beginning of the year, Great Northern granted Hockmeyer permission to use its roads and its land subject to the same rules and regulations governing other users. He asked permission to launch rafts at McKay Station. It was denied after considerable thought. The station is unmanned and a critical source of power for the mills. Hockmeyer ignored the requests and took parties under and over the fence surrounding the station. Finally, Power Systems Manager Paul Firlotte and deputy sheriffs confronted him. Hockmeyer then followed our request -- and put in at Little Eddy, a few hundred yards downstream. The whitewater thrills are still there, although you miss the towering walls of the gorge.

While he backed off on the West Branch, Hockmeyer has intensified his publicity campaign against the Company. He is urging people to write Great Northern to criticize our policies and our plans to build a dam. He is also opposed to Central Maine Power Company building a dam on the Kennebec. I reported last week that Phyllis Austin wrote a story instigated in part by Hockmeyer. This week Tim Elledge of the Maine Sunday Telegram called twice. He questioned if Paul Firlotte and I were telling him the truth when we explained Great Northern's thinking.
ADJOURNMENT

Legislators returned to Augusta on July 25 and disposed of 22 gubernatorial vetoes. Funds for the spruce budworm program and for Northern Maine Vocational Technical Institute to start up a woods harvesting training program were in the supplemental budget on which a veto was overridden. After legislators went home, the Legislative Council composed of leaders of both Houses approved 22 studies, including one on forest land taxation.

ELSEWHERE

At the request of Wes Nash of Central Engineering, we have urged Public Utilities Commission action to permit the Northern Company to serve the housing development planned in the Medway area. At week's end, the Commission secretary reported the Water Company's application had been approved....Contributions of the week included paint for the East Millinocket fire department....Advertisements were approved in the Katahdin Journal and Katahdin Times thanking the men and women who fought the woods fire....Also approved was an advertisement in the Schenck High School sports calendar....With help from Paul Firlotte, we explained on July 28 to Jeff Strout of the Bangor Daily News why the flow of the Penobscot River at Bangor had dropped off. The chief reason was repairs being made at Weldon Station although we also pointed out the area had had less than an inch of rain this month -- the 77 year average is 3.75 inches....Ed Penley, a columnist for the Portland Evening Express called July 26 requesting information on the Baxter Park fire. He was critical of the environmentalists and wanted information on what Great Northern had done on its lands after the 1975 blowdown....A picture of the fire and a short release were provided the Paper Industry Information Office for use in its monthly newsletter....A news release also was distributed on the appointment of Alan Philbrick as director of industrial relations for the company....We scheduled a Saturday luncheon with writer Charles Zurhorst in Bangor. The Machias man is thinking of doing a story on the woods fire which burned over lands in Baxter Park and on nearby company lands....In Waterville, we visited with Morning Sentinel Editor Bob Drake and Columnist Gene Letourneau on July 28. They also wanted to talk about the fire. Drake sees two sides to the story, Letourneau had prepared an article for the Maine Sunday Telegram critical of the environmentalists who blocked the salvage operation....Deputy Commissioner Hank Warren this week decided he isn't a candidate to succeed Bill Adams as Commissioner of Environmental Protection. A new hat in the ring for the DEP post is that of Dick Anderson of the Maine Audubon Society. He has been talked about mostly for the Inland Fish & Wildlife job, if Maynard Marsh resigns.

Sincerely,

[-3-]

pmc/b

―Paul
Mr. Robert J. Shinners  
Vice President-Operations  
Great Northern Paper Company  
Millinocket, Maine 04462

Dear Bob:

The newsletter of the Public Affairs Department for the week ending August 5 follows:

THE RUSH TO GO HOME

It was hot and humid. Congress was in high gear. Members had their eyes on the calendar and a scheduled August vacation. They were working into the night to clear the decks of high priority legislation -- the administration's energy plan in the House, the Clean Water Act of 1977 in the Senate and in both houses they had to deal with a last-minute compromise on amendments to the Federal air pollution law.

"When this is all over, I am going to take a week to catch up on Maine matters. After that I am going to get away from it all for three weeks," Congressman David Emery told a visitor. A staff member reminded him he would have two, not three weeks to "get away from it all." In Senator Muskie's office, a senior staff member said no one had had time to talk with Justice Gunter for a progress report on his plans for discussions with the Indians during the recess. "We'll get to it Friday or Saturday after the Senate finally calls it quits." In Congressman Cohen's office, staff members were hoping the pace would ease up when the boss takes off for a few weeks. All of them had been working 10 or 12 hours a day for several days.

It was against this background that the Government Affairs Committee of the American Paper Institute met jointly on August 4 with the National Products Council.

On key issues, the Committees were told:

Energy -- Advocates of deregulating natural gas will try again. It is unlikely they will succeed. A section providing favorable tax treatment for hydroelectric and other alternative energy projects was in the House bill and was and expected to be approved, according to API staff members.
Rush To Go Home (continued)

Air -- The compromise which newspapers quoted Senator Muskie as praising left the paper industry "worse off, way worse," said Kathleen Bennett of Crown Zellerbach.

Water -- The Senate was considering the critical amendments to the 1972 Federal Water Pollution Control Act as the committee meeting started. A surprise last minute move during committee hearings by Senator Randolph of West Virginia undermined the exemption for timber harvesting under Section 404, the Corps of Engineers' permit program. Industry was focusing its hopes this week on an amendment by Senator Bentzen of Texas. The Bentzen amendment was defeated, 51-46, and the entire package approved, 96-0. It looks like a long conference is in prospect between the House and the Senate after the recess. The water pollution bills which have emerged from the two houses of Congress are some distance apart.

When Congress returns, a Carter message on tax reform is scheduled and the administration has made up its mind to make the capital tax gains a target. Sid Hawkes of Mead Corporation said the industry's overall strategy must be reassessed. It may be time, he said, to only seek to save capital gains treatment or a substitute for timberlands. Top men in the Carter administration have indicated they are not opposed to recognizing the problem of the need for incentives for investing in forest management. But first the Industry must decide on a course of action and the Forest Industries Committee on Timber Valuation and Taxation will hold a summit meeting within a few weeks. There are signs that some chief executives want to wage an all-out fight to save all the capital gains benefits now on the books, differing with some of the "pros" in Washington.

**This Growing State**

The population of the State of Maine has increased 8.8 per cent from 1970 to 1977, from 993,700 to 1,081,000, the Bureau of Census estimates. Hancock is the fastest growing county, up 15.9 per cent. In general, the biggest growth is along the coast. Penobscot, in which Millinocket and East Millinocket are located, has increased 9.6 per cent to an estimated 137,400. Androscoggin is the slowest growing area at 3.3 per cent with Aroostook second at 5 per cent.

**With An Expanding Tax Base**

Value of real estate in Maine has increased nearly $3 billion and that means an extra $33 million will be raised under the uniform property tax in the year beginning July 1, 1978, if the rate remains at 11.5 mills. The largest increase in real estate values was in Washington County, up 46.2 per cent. Aroostook County had a 38.9 per cent increase and was the third biggest gainer.

**Elsewhere**

With guidance from Bob Bartlett, we answered questions from Phyllis Austin of Maine Times. The weekly was putting together an edition devoted to the woods fire issue....Governor Longley had set December 5 as the date for a statewide referendum on repealing the uniform property tax. On the same ballot will be several bond issues, one which would provide $5.4 million for the University of Maine, including badly needed facilities for students in the pulp and paper program....U.S. Attorney George Mitchell said August 5 he was expecting instructions from Washington to seek a delay for six months in the court-imposed deadline for Justice
Elsewhere (continued)

Department action on the claims of Maine Indians....Solid waste will be the theme for both the annual workshop of the API Government Affairs Committee (November 21-23 at Sea Island, Georgia) and the API Presidents' Forum during the third week in October. It indicates the growing concern over whether the paper industry can ever have a united front on this developing issue....Donations of the week included one to the Maine AAU Committee which annually sponsors an international exchange program for young wrestlers....Advertisements were scheduled in the two Millinocket papers on the safety record of the electrical department of the East Millinocket mill....We also agreed to co-sponsor a school safety program over WMKR....Quarterly reports of GNN were distributed to managers, Maine businessmen and the news media.

Sincerely,

pmc/b

Distribution:

J. R. Adams  P. I. Firlotte  W. E. Lloyd
E. E. Allain  T. H. Flanagan  O. J. Lombard
R. V. Bailey  J. E. Godfrey  V. F. Mattson
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O. K. Tripp
R. A. Venditti
G. E. Veneman
P. H. Welch
P. F. Yacavone
Paul K. McCann  
Manager Public Affairs  
August 12, 1977

Mr. Robert J. Shinners  
Vice President-Operations  
Great Northern Paper Company  
Millinocket, Maine  04462

Dear Bob:

The newsletter of the Public Affairs Department for the week ending August 12 is as follows:

ASSOCIATED INDUSTRIES OF MAINE

Directors of Associated Industries of Maine meeting in Augusta on August 9 approved plans for the organization's annual meeting, a seminar on taxation, and a series of meetings to drum up interest in political action.

The annual meeting will be held September 23 in Portland (starting at 9 a.m. at the Downtown Holiday Inn). The theme will be the need for business to tell its story.

The seminar will be held October 4 at a still to be selected site in Waterville and will include a debate on the uniform property tax.

The series of meetings planned around the state to generate business interest in politics will be kicked off in Bangor September 14.

MAINE FOREST PRODUCTS COUNCIL

John Sinclair, president of Seven Islands Land Company, has accepted the chairmanship of a new committee of the Maine Forest Products Council. Directors of the organization met August 9 in Waterville and voted to establish a Committee on Forest Resources which will "work for the full development of this resource". It was one of several studies the Council decided to launch in wake of an issues conference in which members spoke out on their problems.

The session also saw former State Representative Douglas Smith speak out against a 40 per cent increase in rates for workman's compensation -- an increase he said has been proposed by insurance companies serving the logging industry.
"Timber! The old way and the new...."

It was the cover story in New England magazine, supplement to the Boston Sunday Globe on August 7. Dick Stewart, who spent a week in the West Branch camps collecting material for the story, focused on the people involved in a changing world. Nine photographs accompanied the article.

The informative article reached hundreds of thousands of readers. Those that read it will have a better understanding of our business.

Here and There

With Bart Harvey of Woodlands, we provided three local newspaper-women (Anne Erickson of the Katahdin Times, Maryanne Legasse of the Bangor Daily News, and Toni Denis of the Katahdin Journal) with a look at the company's tree planting operations and the greenhouses. Mrs. Legasse asked for a tour....In taped answers to questions from radio reporters, Justice Gunter this week said he "isn't going to negotiate" with the representatives of Maine Indians when they meet in a few days in Washington....Senators Muskie and Hathaway both voted against an amendment sponsored by Senator Lloyd Bentsen of Texas which would have restored the Corps of Engineers to its normal role in the regulation of the nation's waterways. It lost, 51-45, on August 4. The Forest Industries will continue to push for such action when a conference committee goes to work on the legislation in September....Congressman Emery favored de-regulation of natural gas, Congressman Cohen opposed the step in one of the key votes of the energy debate in the House. The House finished work on the administration's energy package which will be ready for Senate action in September....Marshall Burk, former executive director of the Natural Resources Council of Maine, is now considered among the possibilities for nomination to the State Board of Environmental Protection.

Sincerely,

Paul

pmc/jeg
Mr. Robert J. Shinners  
Vice President-Operations  
Great Northern Paper Company  
Millinocket, Maine 04462

Dear Bob:

The newsletter of the Public Affairs Department for the two weeks ending August 26 follows:

**VIOLENCE IN THE WOODLANDS**

Woodsmen drive out Canadians  
--- Bangor Daily News, August 18

Longley To Act Against Logging Camp Vandals  
--- Portland Press Herald, August 19

Canadians Back In Camp  
--- St. John, N.B., Telegraph-Journal, August 19

No definite MWA Link Seen  
--- Bangor Daily News, August 19

St. Regis' Canadian labor said to be legal  
--- Bangor Daily News, August 20-21

Logging Camp Burned  
--- Bangor Daily News, August 23

Witness Says MWA Officials took part in raid on camp  
--- Bangor Daily News, August 23

Three arrested for terrorizing at woods camp  
--- Bangor Daily News, August 24

Woods Camp Damage Sensationalized --- Butler  
--- Portland Press Herald, August 25

St. Regis to ask court to hold MWA in contempt  
--- Bangor Daily News, August 25

Five charged in woods camp fire  
--- Bangor Daily News, August 26
Violence (continued)

The headlines were reminiscent of the fall of 1975 when members of the Maine Woodsmen's Association went on a rampage against paper companies and logging contractors. This time President Wayne Birmingham and Vice President Bill Butler were denying the MWA had a part in a wave of violence which started with an attack on a St. Regis camp on August 18. Canadians harvesting timber and in the U.S. with visas fled. A $100,000 fire swept a woods harvesting base in southern Aroostook county on August 21. The next night three armed men threatened to burn up another camp 40 miles away.

Reaction from public officials and the press came swiftly. An editorial cartoon in the Bangor Daily News pictured the Maine Woodsmen's Association out on a tree limb — and the MWA was sawing off the limb. "Must be a better way," was the text of the cartoon. "This kind of terrorism has no place in the Maine woods or anywhere else," said the Portland Press Herald in an editorial. James Russell Wiggins in an editorial in the Ellsworth American said, "This kind of terrorist attack against the French-Canadian worker is like the racial assaults of the old Klan in the South." The Bangor Daily News said "All of Maine should be appalled and disgusted by the recent incidents of violence at the logging camps housing Canadian woods workers in the State."

On August 26, Managing Editor Marshall Stone of the Bangor Daily News had a new target: the paper companies. Accusing the companies of resorting to the same tactics used when they refused to comment on the Nader report and in not talking about the Indian land claims, the News editor said he is assigning reporter Chris Spruce "to put the woodsmen story in perspective." Spruce recently transferred to Bangor from the Presque Isle bureau. In Presque Isle, Spruce devoted much of his time to reporting on the woods labor issue — mostly based on statements issued by Wayne Birmingham. Spruce says he also threw out a lot of Birmingham's propaganda. After Stone's charge that we have been silent on the issue (which a fat file in the office belies), we decided to invite Stone to join Spruce when Great Northern's time to be interviewed arrives. We have cooperated completely in at least two News projects of this type — one in 1973 by Lionel Rosenblatt; and another in 1976 by Dennis Mills.

**Energy Legislation**

Phil Cannella, Paul Firlotte, Joe O'Handley, Veli Lapinoja, Jerry Perkins and Bob Reardon joined August 27 in reviewing tax provisions of the House-approved version of President Carter's energy program. It was concluded that major changes are going to have to be made in the bill by the Senate if it is going to meet Great Northern's needs. The incentives for hydroelectric development appear to have been virtually eliminated by
Energy (continued)

changes in the language. Senator Hathaway of Maine is a member of the Senate Finance Committee which starts hearings on the legislation September 8 with the marking up of legislation scheduled to begin September 19. Bob Hellendale is going to take Great Northern's problems to the Senator. I have again talked with Jim Case of Senator Muskie's staff and he has asked for a briefing on our views as soon as possible. Phil Cannella will work with the American Paper Institute's tax committee staff. I will monitor developments through the API Government Affairs Staff and through offices of the Maine Congressional Delegation — all of whom have been briefed on our hopes for financial incentives for hydroelectric development.

Visitor From Georgia

William B. Gunter, President Carter's adviser on the claims of Maine Indians, visited the area involved in August. He talked with the Indians and he talked with Attorney General Brennan and Governor Longley. Gunter made it clear from the beginning he was not here to negotiate, only to listen. His proposal that the Indians get $25 million from the Federal Government and 100,000 acres of land from the State will stand, Gunter emphasized. Gunter said he would pass along to the President the views of others and pointed out the final solution is up to Carter and the Congress. As Gunter's visit was ending, Governor Longley charged that some Indians want land to establish a separate nation. That kicked off a new round of headlines.

The Press

With help from Hellendale and Cannella, we answered questions from Myron Levine of the Maine Times. He is doing a piece on the Great Northern law suit asking the IRS to fix the value of Allagash Falls at $1 million for charitable gift purposes. The falls was donated to the Allagash Wilderness Waterway in 1969. GNP says it is worth a million dollars because of its hydroelectric potential; the IRS wants to price it as land at $26,000 (although a higher compromise figure was offered by the IRS and refused)....With Bart Harvey, we took Ann Erickson of the Katahdin Times, Toni Dennis of the Katahdin Journal and Mary Ann Legasse of the Bangor Daily News to the Ragmuff area where they viewed tree-planters at work and saw the mechanical harvesting operation. They also visited the Millinocket greenhouses. All wrote stories; one of which appeared on the front page of the Bangor Daily News....After Wayne Hockmeyer was critical of Great Northern in an article in Maine Times on August 19, we wrote the author to set the facts straight. All Great Northern has asked is that Hockmeyer stay out of the grounds of McKay power station in Ripogenus gorge. Hockmeyer wants to start whitewater raft trips there....A news release was issued on Arthur Smith, the Pinkham Company's new sales manager.

Elsewhere

Hank Magnuson of the Paper Industry Information Office came to Millinocket on August 18 to meet with Mike Collins of the Pinkham Company and Bob Bartlett. It was decided that the report of the Select Committee on Maine's Forest Resources should be changed if possible. Magnuson has redrafted the report and the changes will be considered at a September 2 meeting in Orono....Contributions have been made to the Maine
Elsewhere (continued)

Institute for the Blind, the Millinocket Alcoholic Center and the Portage Hill Country Club...Nine customer groups have been shown the new 35 mm slide show on Great Northern....The Governor ignored industry's suggestions in naming Mrs. Sylvia Lund of Augusta and Mrs. Evelyn Jepson of Waldoboro to the State Board of Environmental Protection and William Vaughan of Hallowell, Bob Cuillio of Nasson College and Woodbury Brackett of Auburn to the Land Use Regulation Commission. Vaughan is a farmer, Cuillio a biologist and Brackett a retired city manager.... Annie Laurie Whalen, Congressman Emery's energy aide, and Caroline Nightengale, a staff assistant in the Washington office, toured the West Branch logging and hydroelectric facilities on August 16 and Reardon briefed them on the power system....Speaking for PIIO, Don Perkins urged the Legislature's Committee on Natural Resources to make changes in the LURC standards for zoning at an August 23 hearing in Augusta. Committee Chairman Howard Trotzky says he has been convinced by LURC's Ken Stratton that more than one type of management district is necessary. PIIO (and Great Northern) doesn't like the unnecessary restrictions which would be imposed if such districts become reality.... While discussing the future of the Eagle Lake saw mill of the Pinkham Company and other matters with GNP officials on August 25, House Speaker John Martin predicted the next session of the Legislature will see strong new efforts to raise taxes on the forests in the unorganized territory....John McLeod, retired personnel manager, is going to index his 600,000 word history of the company. John Staples will go to Augusta on September 9 to hear a report from Ad-Media on publishing a condensation of the history. Most of the 180 pictures have been selected. A title "The Northern" has been tentatively agreed on --- it will go to customers as a Baxter Text promotion and be distributed in Maine to libraries, etc. The full 600,000 words will probably end up in the University of Maine at Orono, the State of Maine Library in Augusta and in the Millinocket and Bangor public libraries.

ON THE OFFICE CALENDAR

September
  8  API Government Affairs Committee meeting, Washington, D.C.
  9  Directors meeting, Paper Industry Office, Augusta
12-13  Sales Department annual meeting, Rockport
  14  Public review of woods fire, Bangor
14-15  Controller's Conference, Sebasco
  16  Special State Senate session, Augusta
  19  Senate Finance Committee to start markup of energy taxation program, Washington, D.C.
  20  AIM regional meeting, Bangor
  23  AIM annual meeting, Portland
  29  AIM regional meeting, Caribou

October
  4  AIM Property Tax Seminar, Waterville

Sincerely,

Paul

pmc/rbr
Great Northern

Public Affairs Test

Prepared by the Public Affairs Department
for the
Annual Sales Meeting
Treadway-Samoset, Rockport, September 11-13
and for
Controller's Department Staff Meeting
Sebasco Lodge, September 14-16
1. Match the towns and cities on the map with their population. (Place the correct number before the name of the community: 1,500 Medway)

- Ashland: 65,000
- Augusta: 4,500
- Bangor: 2,600
- East Millinocket: 1,800
- Fort Kent: 34,000
- Millinocket: 22,000
- Portland: 7,800

2. If a roll of paper is shipped from the mills in East Millinocket and Millinocket, how many miles does it cover by rail before reaching the New Hampshire border? Check (√) the answer closest to the correct number.

- 150
- 200
- 250
- 300

3. If you drive from Millinocket to the Great Northern Office in Fort Kent, how many miles approximately register on a speedometer? Check (√) the answer closest to the correct number.

- 150
- 200
- 250
- 300

4. Maine is famous for skiing, snowmobiling and other winter sports requiring snow for a base. What’s the average annual snowfall in Millinocket—based on the power systems records covering 77 years. Check (√) the correct number.

- 50
- 100
- 150
- 200

Cost of doing Business

5. Two-thirds of the state and local taxes ($14 million) paid by Great Northern Nekoosa Corporation are paid in the State of Maine—on roughly one-third of the assets of GNN. How much do state and local taxes add to the cost of each ton of paper? Check (√) the correct answer.

- $25
- $50
- $20
- $10

6. Great Northern spent $36 million on water pollution control systems for the two pulp and paper mills. How much is it costing per ton of paper to operate these systems? Check (√) the correct answer.

- $1
- $5
- $10
- $15
Cost of doing Business (continued)

7. The Occupational Safety and Health Administration is responsible for a federal accident prevention program. How much has OSHA added to the cost of a ton of paper? Check (✓) the correct answer.

   _____ $2  _____ $1  _____ $5  _____ $10

Items of Interest

8. When an employee of a company is laid off, he will be eligible for Unemployment Compensation Insurance--up to a year in some cases. How much is paid by the worker and how much by the company? Check (✓) your answer.

   _____ It’s all paid by the employer
   _____ It’s split 50-50
   _____ It’s all paid by the worker

9. Maine with 3.4 million tons of annual capacity passed another state in 1977 to become the nation’s number one papermaker. Check (✓) the second place state.

   _____ Georgia  _____ Washington  _____ Wisconsin

10. In 1975, the national median income was $13,719. In Maine, the average industrial wage was $8,244. Check (✓) the three areas with the highest average salaries.

    _____ Millinocket  _____ Ellsworth
    _____ Augusta  _____ Kittery
    _____ Calais  _____ Rumford

11. Great Northern is one of a very few paper companies with undeveloped hydroelectric power sites. How much imported oil could be saved if another dam similar to Ripogenus is built? The company uses over two million barrels of oil each year. Check (✓) the correct answer.

    _____ 1,000,000 barrels
    _____ 250,000 barrels
    _____ 500,000 barrels

12. Claims of Maine Indians have been front page news for months. Check (✓) tribes with a Maine heritage.

    _____ Abnaki  _____ Mohawk
    _____ Apache  _____ Oneida
    _____ Cherokee  _____ Passamaquoddy
    _____ Comanche  _____ Penobscot
    _____ Mic Mac  _____ Sioux
Newsmakers

Match the quote from Maine publications with the proper sketch of a newsmaker by placing the letter on top of the sketch in the space in front of the quote.

13. "If we have to, we'll march up the Golden Road (Great Northern's woods road from Millinocket into the northern Maine woodlands) all the way through the woods like they did in the Aroostook War to run the Canadians out of here. They can put me in jail if they want to, but I'm sick of it."

14. "I never saw a financial statement that wasn't in the black. If it wasn't all they had to do was go up with their tissue paper a quarter of a roll and they are back in business again."

15. "Our major rivers, one of which was at one time included on the list of the ten most polluted rivers in the nation, are now - thanks to industry's accomplishments and Maine's prudent use of our federal funds - on their way to being fishable and swimmable."

16. "Homeowners and shopkeepers are paying more than their share of property taxes because some major industries in Maine are getting unfair breaks."

17. "The mere filing of such a suit could have a disastrous impact on the economic and social fabric of the State of Maine. The deep uncertainty already raised by these Indian claims could easily be translated into total chaos, if the United States takes such a formal action . . . ."
Mr. Robert J. Shinners  
Vice President-Operations  
Great Northern Paper Company  
Millinocket, Maine 04462

Dear Bob:

The newsletter of the Public Affairs Department for the week ending September 2:

**POLITICS**

The politicians are jockeying for position in the 1978 campaign. Secretary of State Gartley has told newsmen he will run for Congress. Governor Longley, who arrived on the scene proclaiming he would serve but one four-year term, is now reserving the right to change his mind. Anticipating a challenge from Congressman Cohen, Senator Hathaway spent the summer recess crisscrossing Maine -- running hard over a year before the election. On the state level, the parties are looking ahead to the first year of single member House Districts. (The City of Bangor, for example, will be broken up into five districts with a House member representing each district. The five Bangor seats now are filled by voters of the entire community.) Republicans are optimistic they can pick up scattered seats in urban areas where Democrats have held the upperhand. Democrats control the House, 87-63, with one Independent.

Running down the major races expected in 1978:

U.S. Senate -- Hathaway, the man who ousted Margaret Chase Smith, is gearing up to stave off Cohen. Cohen hasn't announced, says he is considering running for Governor as well as the Senate. Everybody expects he will want to stay in Washington. The candid Cohen says he will not keep people guessing much longer.

Congress -- If Cohen goes elsewhere, the Second District seat will be up for grabs. Gartley, the former war hero who took an awful beating from Cohen four years ago, will run. So, in all probability, will John Martin, the speaker of the State House of Representatives. The most frequently discussed Republican candidate is State Senator Olympia...
Politics (continued)

Snowe of Auburn. She has made the traditional trip to Washington to get briefed by the Republican National Committee staff. Mrs. Snowe is an attractive, articulate member of the Legislature but hasn't had the statewide exposure of either of the Democrats. In the First District, Congressman Emery will run again. Democrats who two years ago fought to get a chance to beat Emery now concede the young Republican isn't going to be easy to oust. State Representative Dick Spencer, a former Nader Raider and vigorous foe of Maine's paper industry, is among the likely candidates. Another liberal, Representative Jim Wilfong from the mountain town of Stowe, also has ambitions to run.

Governor -- Most of the political pros expect Longley to run again. Linwood Palmer, the House minority leader from Nobleboro, is already campaigning on the Republican side. So is Senate Majority Leader Jerrold Speers of Winthrop. Palmer is the more popular in party ranks. He's respected in the business community. Observers, however, question if he has the voter appeal to win a general election. On the Democratic side, Attorney General Joe Brennan is the man most people talk about. But Senator Phil Merrill is in the race to stay. He was Ed Muskie's campaign manager two years ago. Merrill is a liberal Portland lawyer who will give Brennan a tough fight. If Longley lives up to his word and goes back to selling insurance, you could have more people interested in running. If Longley doesn't, he will be the favorite.

Energy Legislation

Bob Hellendale met August 30 in Bangor with Senator Hathaway and discussed the energy legislation Hathaway's Finance Committee will be considering this month. We think the language of the House approved version does not adequately reflect the intent to provide financial incentives for hydroelectric projects as an alternative to oil and natural gas. Hathaway was optimistic that the problem could be solved. The Senator the following day gave Jack Norman of his staff the job. We will meet with Norman in Washington on September 7. We will also brief Senator Muskie's staff on the issue. Paul Firlotte and Phil Cannella attended an American Paper Institute tax committee meeting on this subject in New York City on September 1. One or both will accompany me to Washington. Following two weeks of hearings, the Senate Finance Committee will start marking up a bill on September 19.

The Media

The week's activity:

August 29 -- Guided by Phil Cannella, we provided Myron Levine of Maine Times with additional data. Levine is writing a story on Great Northern's suing the Internal Revenue Service over a charitable gift deduction.

August 30 -- Harry Gordon of WLBZ-radio called asking what Great Northern planned to do in the area burned over in the recent woods fire. Will it be planted, he asked. Bob Bartlett says no decision has been made and probably won't be this year.
The Media (continued)

August 30 -- Chris Foreman of Newsweek called from Bangor. He was in Maine reporting on the woods labor issue. I answered his questions and took down to him that night copies of speeches by Bob Bartlett and Tom Pinkham, fact sheets, a summary of the Bond report and copies of stories by Dennis Mills.

August 30 -- Chris Spruce called and we agreed to meet September 6. Still haven't heard from News Editor Mel Stone who I invited to come along with Spruce. Stone last week accused the paper industry of refusing to discuss the issue.

August 31 -- Pierre Trottier of the Canadian Broadcasting Corporation called asking for information on the woods labor issue. The next morning Dana Saucier and I met him at Great Northern's Lobster camp. He's based in Quebec City and reports on the CBC's French language network. Trottier was primarily interested in the welfare and the future for the Canadians working in the Maine woods. I told him that if we lost the Canadians, we would be shutting down the mills. I assured him that Governor Longley and Maine authorities were determined to stop the violence. Next week he plans to return with a film crew and Dana will answer his questions.

September 1 -- Steve Rosenfeld of the Associated Press called asking for comment on Wayne Birmingham's charges that paper companies had been violating laws in hiring Canadian woodsmen. Birmingham was interviewed following his return from a Washington meeting. I denied any violations and defended the Canadians as people making it possible for thousands of others to work in the paper mills and supporting companies.

In addition to these, Dan Morgan of the Washington Post was in Maine last week reporting on the woods labor issue. He did not seek information from Great Northern.

ELSEWHERE

Bill Vaughan is a Hallowell farmer who has been nominated by the Governor to serve on the Land Use Regulation Commission. If you believe the Augusta gossip, Vaughan's home in Hallowell has been occupied by Conservation Commissioner Barringer when the owner goes to Florida in the winter. Lee Schepps, director of the Bureau of Public Lands in Barringer's department, is a neighbor....Executives of Maine water companies will tour the Millinocket mill October 13 while holding their annual meeting in town....Dick Noyes and Al Philbrick joined in welcoming new teachers in the Millinocket schools on a September 2 visit. They saw the slide presentation and toured the mill....After Senator Hathaway met with Bob Hellendale, he returned to Washington and the next day accompanied Wayne Birmingham of the Maine Woodsmen's Association on a visit to Labor Secretary Harris. The meeting lasted for 3½ hours with representatives of the Paper Workers International Union also present, and differing with Birmingham's views, according to the Bangor Daily News. Jim Adams is going to seek additional information on the meeting.

Sincerely,

Paul

pmc/b
The newsletter of the Public Affairs Department for the week ending September 9 follows:

**THE QUEST OF HYDRO INCENTIVES**

Representatives of Great Northern took our problem with the House-passed energy program to the Senate on September 7 in two meetings in Washington, D.C.

With Phil Cannella, Paul Firlotte and Jerry Perkins, we met with Jack Norman of the staff of Senator Hathaway and John Colvin of the staff of Senator Robert Packwood of Oregon. Hathaway and Packwood are members of the Senate Finance Committee which is holding hearings on energy tax legislation.

Senator Packwood is planning to announce next week that he will seek to make dams and related hydroelectric facilities eligible for financial incentives under the new energy program. Colvin said an electrical utility has sites in Oregon with development potential. Norman said the Maine Senator favors such a step and will seek to revise the House definition of the scope of eligible portions of hydroelectric projects.

The House wanted to make hydroelectric developments eligible for the additional tax credits designed to encourage conversion from oil and gas and also eligible for rebates under the oil and gas users tax. Nuclear, hydroelectric and geothermal were lumped together among alternative energy properties but "not including the fuel and not including turbines or equipment beyond the turbine stage." This meant, according to Cannella and Firlotte, that a dam and other essential hardware need for power generation would be excluded. The language in the House bill apparently was the product of foes of nuclear power.
Hydro Incentives (continued)

At the meeting, Firlotte explained and answered questions on the technology of hydroelectricity, Cannella guided thinking on the writing of provisions which would make incentives a reality, and Perkins explained why incentives are needed if capital dollars are going to be found for such projects.

On the same day Firlotte and I spent an hour briefing Jim Case of the staff of Senator Muskie. Case indicated the Senator will support Great Northern on this issue.

Bill Tolley of Nekoosa Papers, Inc., planned to explain the need for hydroelectric incentives at a September 8 meeting with Senator Gaylord Nelson of Wisconsin and explain how a Maine project could benefit Nelson's constituents. Fred Ernst of Great Southern Paper Company covered the matter during a visit to the office of Senator Herman Talmadge of Georgia. We will provide follow-up letters for use by Bill and Fred. Both Talmadge and Nelson are also on the 18-member Finance Committee.

At the September 8 meeting of the Government Affairs Committee of the American Paper Institute, I was named one of the coordinators to deal with energy issues. Hydroelectricity will be my responsibility. Tim Westbay of St. Regis is quarterbacking all paper industry dealings with the Senate Finance Committee. Cannella is chairman of a subcommittee of the API Tax Committee and also will be involved. Our next step will be to review language drafted by Norman and Colvin. Once markup sessions start on October 19, a day-to-day check on the committee's activities may be required.

The Washington Picture

Ernst and Tolley also attended the meeting of the API committee which attracted over 75 others. It was a joint meeting with the government affairs group of the National Forest Products Association. API President Louis Loun was on hand to report on a concept for a National Solid Waste Management Institute. The day before the API Executive Committee had authorized further study of the $3 billion idea which may be industry's counterproposal to the $26 to $30 per ton tax on virgin fiber -- a step being urged to encourage recycling. Loun said the Institute's concept would cost the industry, overall, approximately a $1 per ton versus $30 a ton if a tax becomes a reality. For the present, API will vigorously oppose the tax which is still on the back burner in the Environmental Agency and Congress. When it matures, API strategists hope to have a positive counterproposal -- and it may be an Institute managing the solid waste of 100 million Americans.

On other matters:

--- The House Public Works Committee is planning hearings on portions of the Senate water pollution bill not previously considered by the House. Industry's Washington experts are confident a satisfactory compromise will be achieved before Congress adjourns in October or November.

--- As a result of a meeting of the Forest Industries Committee on Timbe Valuation and Taxation, a last ditch fight is planned to save capital gains treatment for timberlands. A White House tax message anticipated prior to adjournment is expected to call for repeal of the system. The
Carter administration is apparently willing to consider some special treatment for timberlands.

--- The industry has kicked off a 60-day campaign to modify the negative aspects of the House-passed bill. Observers see a good chance that the Senate Finance Committee will favor deregulation of natural gas. Final approval, however, is given only a 50-50 shot on the Senate floor. An API spokesman, the president of Georgia-Pacific, will testify before the Senate Finance Committee on September 14 and urge a free market, rather than a regulating thrust.

**NATIONAL FOCUS ON WOODS LABOR ISSUE**

"Company 'Slavery' Ignites Maine Woodsmen's Union"
---Washington Post, September 6

"Timbermen Live With Danger, Pressure of Piece Work"
---Washington Post, September 7

"Forestry: Axes to Grind"
---Newsweek Magazine, September 9

The Maine Woods labor issue was being talked about in Washington last week as a result of a two-part series in the Post. While the facts were essentially correct, the tone of the Post series favored the Maine Woodsmen's Association. The Newsweek piece was better balanced. Great Northern was not mentioned in the Post or in Newsweek although we provided the magazine reporter with information.

On September 6, Chris Spruce and Mel Stone of the Bangor Daily News spent over two hours talking with Bob Bartlett and I. The result was a front page story on September 8 which achieved most of our objectives. Spruce is writing a series on the issue. Stone faulted paper companies for being silent and unresponsive on the issue in a column a couple of weeks ago. I wrote Stone, the managing editor of the newspaper, and asked him why he didn't come up with Spruce and hear our side of the story. He came. While he was here, I gave him a bundle of newspaper clippings, articles from magazines, letters to politicians and newspapermen which demonstrated that Great Northern has been far from silent on the issue. Stone didn't concede his point although the meeting was friendly and I think the first time the editor has discussed the subject directly with paper company officials. Later in the week Spruce interviewed Morris Wing of International Paper and Bob Cope and John Gould of St. Regis.

**HERE WE GO: THE '78 CAMPAIGN**

While in Washington, Firlotte, Perkins and I visited with Tom Heyerdahl of Congressman Cohen's staff. Cohen was on the floor of the House announcing his opposition to the Dickey-Lincoln hydroelectric project. The Republican from Bangor made his decision following the release of an environmental impact statement by the Corps of Engineers which was surprisingly critical of many aspects of the St. John river project. Cohen's move put him at odds with Senator Hathaway, the man he is expected to challenge in the 1978 campaign. Cohen will disclose his plans (some hold out faint hopes he will run for governor) at a September 15 news conference.
'78 Campaign (continued)

The Maine Congressional Delegation is now split with Republicans Cohen and Emery against the project with Senators Muskie and Hathaway remaining supporters.

ELSEWHERE

Mike Collins of the Pinkham Company reports the Forest Resources Study Committee at a meeting September 2 accepted most of industry's suggestions for changes in its final report. The Committee is expected to complete its assignment by reporting to the Legislative leadership next month.... A Maine energy forum, similar to the forest forums, is being planned. Involved are representatives of utilities, the paper industry and the University of Maine....Phyllis Austin of Maine Times is writing a story on the West Branch of the Penobscot River and the possibility of a dam. She apparently got the assignment after Wayne Hockmeyer complained Great Northern was denying him access to Ripogenus Gorge. We answered questions for an hour....Woodland managers will meet September 14 at the Paper Industry Information Office in Augusta. Lloyd Irland, forest insect manager, will brief the group on planning for the 1978 spray program. Don Perkins will outline his recommendations to the Committee on Natural Resources on changes in the Land Use Regulation Commission's zoning standards....The special session of the Senate on September 16 is expected to see quick approval for the Governor's nomination to LURC and the Board of Environmental Protection. This week Longley selected Bill Warren for promotion to the post of commissioner of Environmental Protection....Washington observers say the next move in the Maine Indian land claims case is expected to be made at the White House when the President makes his recommendations to Congress sometime this year.... Members of the Millinocket Chamber of Commerce will be guests of Great Northern at their October 4 meeting. It will be held in the multi-purpose room of the E&R building. The program will include a tour of the new purchasing and transportation department facilities and the 35 mm slide presentation on Great Northern....Dues were paid in the New England Construction Users Council and Associated Industries of Maine.

Sincerely,

[Signature]

pmc/b
Enclosure (PIIO newsletter)
Distribution:

J. R. Adams             P. I. Firlotte              W. E. Lloyd              T. S. Pinkham
E. E. Allain            T. H. Flanagan              O. J. Lombard            C. H. Reed
R. V. Bailey            J. E. Godfrey               V. F. Mattson            W. A. Saucier
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R. K. Elston            D. J. Krohn                 A. W. Philbrick          P. H. Welch
                                                        P. F. Yacavone          

Mr. Robert J. Shinners  
Vice President-Operations  
Great Northern Paper Company  
Millinocket, Maine 04462  

Dear Bob:  

The newsletter of the Public Affairs Department for the week ending September 16 follows:  

THE MWA TELLS THE WORLD  

It was inevitable. A lot of people had been asked questions. Wayne Birmingham, the president of the Maine Woodsmen's Association, had talked about it. On Friday, September 16, Birmingham along with Vice Presidents Bill Butler and Melvin Ames called a news conference in Bangor and said that the Attorney General's department is investigating wood purchasing practices of Great Northern Paper Company. Attorney General Joseph Brennan confirmed that an investigation is in progress but refused to confirm that Great Northern was the target. (At this point, we prepared a memorandum for distribution to managers quoting the Attorney General. Arnold Nemirow guided me in its preparation.)  

An attached clipping from the Bangor Daily News covers what Birmingham had to say and also what an attorney representing the Company had to say in response to questions from the news media. In talking with other reporters, Attorney Phil Buckley also planned to comment "Great Northern has not engaged in any illegal practices in purchasing wood." Attorneys have counseled Great Northern against commenting further on the issue.  

Calls came from the three Bangor television stations, the Associated Press in both Augusta and Portland, a Bangor radio station and the Bangor Daily News. It was the lead item on television for the Bangor stations (the fourth on the Portland stations). It was the No. 2 story the next morning in the Bangor Daily News. It was on page 11 of the Portland Press Herald. It was the No. 1 item on the radio news for 24 hours and still being reported Saturday afternoon on some stations.
MWA (continued)

Birmingham's press conference came in a week that commenced with the
MWA launching a drive for $25,000. He promised Maine's "biggest court
battle" if the money can be raised. It was to be used to defend MWA
members accused of raiding a St. Regis Paper Company logging camp.

The woods labor issue was the subject of the cover story in the September
16 issue of Maine Times.

The Maine Sunday Telegram in September 11 editions launched a new series
on the subject, starting off with headlines which read "Making a Living
in the Woods....Always Dangerous, Unusually Low Paying, But Still Tempting."
Bob Cummings devoted most of the story to an interview with Jonathan Falk,
the MWA sympathizer who wrote a report critical of the paper companies.
The conclusion of Falk's findings, as reported in the article:

"The extensive use of Canadian labor in the Maine woods has slowed improve-
ments in wages and working conditions by vastly increasing the pool of
available labor.

"It will not be possible to attract a skilled and stable domestic work
force as long as these conditions prevail.

"Logging in Maine is still characterized by low wages, dangerous working
conditions and seasonal employment."

The week also saw headlines created by Butler charging that the Governor
tried to meddle in court proceedings between the Company and the MWA.
Deputy Attorney General Cohen confirmed later that he and the Governor
made a call to the Judge hearing the case in 1975 and asked for swift
action but Cohen denied it was improper. Longley said the charge was
"misleading and unfair."

Chris Spruce of the Bangor Daily News continued his series. One article
focused on a St. Regis defense of the use of Canadians. Another told the
story of a Canadian working with a visa who is vice president of the MWA.
A third reported on the views of a former vice president of the MWA who
is critical of the association's continuing attacks on Canadians working
in the Maine woods.

No other issue is commanding as much attention from the news media.

WASHINGTON WATCH

The Senate Finance Committee starts marking up energy tax legislation on
Monday, September 19, and will turn to business taxes the next week,
according to Jack Norman of the staff of Senator Hathaway. Norman also
reports that Senator Packwood has asked Senate attorneys to draft lan-
guage providing tax incentives for hydroelectric projects -- except for
transmission lines. Norman says he expects Senator Hathaway to support
such a step.

During the week, we also provided a draft of letters for Bruce Ellen to
send Senator Talmadge of Georgia on the subject. With Phil Cannella's
guidance, we improved the text which also went to Bill Tolley at Nekoos
Papers, Inc., for use in writing Senator Nelson of Wisconsin. Both Tal-
madge and Nelson are on the Finance Committee. I also touched bases
with Jim Case in the office of Senator Muskie.
Washington (continued)

It was agreed that Jerry Perkins, Paul Firlotte and I would discuss our next step in Millinocket September 22. As it looks now, one or more of us will go to Washington the following week to observe the markup. Norman thinks it would be advisable.

On other matters, Chuck Wilson of the American Paper Institute said September 15 that the tide on the Senate Finance Committee was turning against the President's call for a new tax on industrial use of gas and oil. Our sources indicate Senator Hathaway believes at least utilities should be exempt from such a tax. The week also saw an API effort launched to gain Senate support for deregulating natural gas.

If leadership's goal of adjournment for the year by the end of October is going to be met, the Senate will have to act quickly on the energy bill.

ELSEWHERE

This was the week that Bill Cohen made it official: he is a candidate for the U.S. Senate seat held by Bill Hathaway. A Washington Star observer reported that political professionals in Maine and in Washington have "established Cohen as the early frontrunner in a race that will be among the most closely watched in the nation next year."....Waterville Mayor Spike Carey announced he will seek the Democratic nomination for Governor. He is a veteran legislator....The Maine Senate made history by confirming 17 nominations by the Governor in a one-day special session on September 16....Bart Harvey presented a statement on behalf of Great Northern at a Bangor inquiry into the recent fire which started in Baxter Park. He was quoted in the Maine Sunday Telegram....Republication gubernatorial candidate Linwood Palmer (he is the minority leader of the House) was a Millinocket visitor on September 16. In a chat with Bob Shinners and I, the former steel company executive says he believes he can win a two-way race -- but would not look forward to a three-way contest involving Governor Longley....Maine Times devoted four pages to hydroelectric power in its September 16 issue. Writer Phyllis Austin got some of her facts mixed up and we have written her to make sure she doesn't repeat the errors. Wayne Hockmeyer was one of her sources but she pinned him with the labor of being interested because of his financial stake as a whitewater raft promoter. Miss Austin however also wrote that "hydropower, long a mainstay on the Maine energy scene, appears due for a resurgence."

THE PUBLIC AFFAIRS TEST

Attached is a copy of the Public Affairs Test we prepared for presentation at the annual meeting of the sales department in Rockport and at the staff meeting of the controller's department at Sebasco. There are 28 answers to all questions. So far the highest score has been 23 -- two at both meetings. The new 35 mm slide program, an introduction to Great Northern, was also shown at the two meetings.

Sincerely,

Paul

pmc/b

Enclosure
3 charged in woods fire

By Dean Rhodes
NEWS Presqu'ile Bureau
FORT KENT — Three Allagash men were free on a total of $175,000 bail Sunday after state police charged the three, all woodworkers, with arson and burglary at a Canadian-owned woods camp 46 kilometers (28 miles) southwest of here in Township 13, Range 14.

State police alleged Carter and Robin McBreachtry and Chester McBreachtry Jr. set fire to the floor of a Maibec lumber camp building Thursday by throwing a can of ether into an oil stove which subsequently exploded.

No estimate of the damage was reported and no injuries were reported at the camp, with workers apparently busy in the woods when the mid-afternoon fire broke out.

Police declined to provide the motive for the arson, saying only that the three men charged are former Maibec camp employees who had quit working there about two weeks ago.

The fire was the latest in a series of violence and suspicious activities at woods camps in Washington and Aroostook counties that hire Canadian workers.

The president of the Maine Woodsmen's Association, Wayne Birmingham, could not be located to ascertain whether the three McBreachtrys belonged to his organization.

Police said they charged each of the three men with arson and each with burglary in connection with entry into the Maibec bunkhouse and washroom building without authorization and with the intent to commit a crime.

State Police Cpl. Ross Gatcomb said bail for Carter McBreachtry, 21, and Robin McBreachtry, 22, was set at $55,000 apiece, and for Chester McBreachtry Jr., 21, at $50,000. Gatcomb said he arrested Carter McBreachtry in Allagash about 4 p.m. Friday, and Chester and Robin in Fort Kent between 5 and 6 p.m. Friday.

Police said family members furnished double-surety bail for each of the suspects Friday night at the police station here.

Police said the Maibec fire broke out Thursday between 2 and 2:30 p.m. at the Canadian camp which hires both Canadian and American workers, about 32 kilometers (20 miles) southeast of St. Pamphile, Que., in Aroostook County.

Meanwhile, District Attorney John E. Welch reported Sunday that no indictments had been returned out of a grand jury investigation in Caribou into possible antitrust violations by the pulpwood industry in northern Maine.

Birmingham had said Friday that Great Northern Paper Co. of Millinocket was the target of a two-day grand jury session in Caribou Wednesday and Thursday, with a jury panel reported to have heard testimony from about 30 contractors concerning alleged price fixing by Great Northern.

Welch said Sunday that he had not been present at the sessions conducted by the Maine attorney general's office, but that he understood more witnesses were to be called. Welch said an Aroostook grand jury was scheduled to be called back the first Thursday in November. Whether it will convene again before that, Welch said, would be up to Attorney General Joseph E. Brennan.

Birmingham told a news conference in Bangor Friday that many woods contractors who had been subpoenaed before the grand jury had told him privately Great Northern was refusing to give contractors pulp contracts, unless they agreed to sell saw logs to T. S. Pinkham Co. of Ashland "at a reduced price of what they could receive on the open market."

The Pinkham firm is a Great Northern subsidiary.

The MWA president maintained Great Northern was the only area market for pulpwood. He said the company was forcing contractors to sell their saw logs to Pinkham by otherwise refusing to purchase contractors' pulpwood left over from saw log operations.
By Christopher Spruce
Of the NEWS Staff

Maine Attorney General Joseph C. Brennan confirmed Friday that his office is looking into possible antitrust violations by the pulpwood industry in northern Maine. But he declined to be as specific about the probe as was the Maine Woodsmen's Association president, Wayne Birmingham at a news conference in Bangor earlier in the day.

Birmingham singled out the Great Northern Paper Co. in Millinocket as the target of a two-day grand jury session that he alleged was held in Caribou on Wednesday and Thursday. The jury panel was convened to hear testimony from about 30 woods contractors on alleged price fixing by Great Northern, he claimed.

Brennan said only that an investigation into certain practices in the pulpwood industry in northern Maine had been in progress for several months and that the case was being presented to a grand jury.

Meanwhile, an attorney representing Great Northern declined comment on the matter. Philip Buckley of Bangor said Friday that it would be improper for him to make any comment on any matter before the grand jury.

Birmingham, flanked by MWA vice presidents William Butler and Kelvin Ames, charged that many of the woods contractors he knew who had been subpoenaed to testify before the grand jury had privately told him that Great Northern was refusing to issue the contractors a pulp contract unless they agreed to sell saw logs to the T.S. Pinkham Co. of Ashland, a Great Northern subsidiary, "at a reduced price of what they could receive on the open market.

See WOODSMEN on Page 2

Birmingham claimed the company was forcing the contractors to sell their saw logs to Pinkham's by refusing to buy the contractors' pulpwood left over from the sawlog operations. Great Northern is the only market for the pulpwood, the MWA president maintained.

A side effect of the alleged price fixing, he added, is that small, independent saw mills "are being squeezed by this terrorizing tactic to the point of going out of business."

Asked why some of the independent saw mill operators didn't join him at the news conference, Birmingham replied, "If the company knew that the contractors were even talking to me or the MWA, they would be penalized by the company.

In a prepared statement, Birmingham charged that many contractors have received their contracts by mail during the last several years without any negotiations between Great Northern and the contractor over price or the contract's content.

He said if the contractors told the grand jury session in Aroostook what they had told him, "the indictment is sure to come."

Birmingham said he asked Attorney General Brennan Tuesday to release news of the grand jury session to the press, but that Brennan refused, saying he didn't want to try the case in the media.

The MWA president told reporters Friday that he had informed Brennan he would wait until after the grand jury session to tell the press, but that he was going to publicly release the information since no one in state government seemed to be reluctant to attack the MWA in the press.

"The MWA is going to take some credit for this great victory," the Patten man remarked, saying he personally had supplied information related to the investigation to the attorney general's office during the last several months.

"Price fixing and collusion are also being investigated on these same companies by the states of Pennsylvania and Connecticut on selling paper products. I urge Mr. Brennan not to stop with G.N.P. Co., as all the paper companies in Maine come from the same dirty pot," Birmingham declared.

He also said the MWA and other woodsmen in Maine were anxious to see how the court system in Maine would function against a giant corporation.

"We know how the courts function for woodsmen," he said.

While urging that Brennan be supported in his investigatory efforts regarding the pulpwood firms, Birmingham said he was wary of what Brennan might do with the case since last spring's out-of-court settlement with about a dozen Canadian woods firms that were caught operating illegally in Maine last winter — a settlement of which the MWA was highly critical.

"We're waiting to see if he'll prosecute the companies to the fullest extent or let them off easy after he slaps their wrists," Birmingham commented.

Ames said testimony at a hearing in Springfield, Mass., last spring on temporary migrant labor indicated the federal government was aware that price fixing was occurring in Maine, specifically in the woods industry.
Mr. Robert J. Shinners  
Vice President-Operations  
Great Northern Paper Company  
Millinocket, Maine  04462  

Dear Bob:  

The Public Affairs Department newsletter for the two weeks ending October 7 follows:  

AN IMPROVEMENT, BUT...  

Unable to agree with President Carter or the House of Representatives on the need of new taxes as part of the national energy policy, the Senate Finance Committee on October 6 turned to the matter of tax incentives. The language of the House-approved version inadvertently disqualified almost all expenditures relative to hydroelectric projects. Senators Packwood of Oregon and Hathaway of Maine were ready with clarifying language. The amendment would have made everything but the transmission lines eligible for a 25 per cent investment tax incentive.

Senator Hathaway told Bob Hellendale on October 7 that opposition from the administration and from other senators resulted in the deletion of dams from the eligible portions of a hydroelectric project. The Maine Senator said he and Packwood were all alone on the issue. (That means only 45 per cent of a new hydroelectric facility would qualify for tax credits under the energy program according to Jerry Perkins.) Hathaway is, he said, planning an attempt in the week ahead to get language covering dams restored to the bill.

The Committee's rejection of the industrial users tax was welcomed by the paper industry. But, as Tom Mitchell of Georgia-Pacific told colleagues on the Government Affairs Committee of the American Paper Institute, "some kind of a crude oil equalization tax with a gradually increasing plowback would be in the best interest of the energy program. If not this, we are liable to end up with some kind of a user tax." The trials and tribulations of the
Improvement (continued)

Finance Committee have been front page news for several days and need not be repeated here.

**The Goal: A New Water Pollution Law**

Dudley Haupt of St. Regis Paper Company puts it this way: "We need to get this bill through this session. If the funds for municipal treatment systems are separated from the rest of the bill and approved, we will be in tough straits next year." Haupt offered that opinion at an October 6 meeting of the API Government Affairs Committee, attended by over 60 representatives of member companies. The subject of water pollution shared top billing with energy and labor legislation.

Senator Muskie of Maine is chairman of a conference committee charged with reconciling differences between Senate and House versions. The paper industry sees the bill approved by the Senate as an "approach which will work" but is delicately lobbying for several changes. A clear exemption for all silvicultural activities is sought (that's the Section 404 issue). Clarification and broadening of provisions permitting variances from the 1983 Best Available Technology (BAT) requirements. With the U.S. Environmental Protection Agency in almost complete accord with API (and most others except the steel industry), there was considerable optimism expressed that a law would be enacted before Congress adjourns in several weeks.

Union Camp's Gerry Vaughan expressed his corporation's growing concern over the move to ban mandatory retirement. Chairman Ed Spiegel ordered an API staff study of the impact of such legislation -- suggesting it be coordinated with the Labor Committee. Vaughan also said industry is taking its lumps in Congress after the Common Situs victory. Labor looks like the winner in a fight over liberalizing laws in the field, as well as in Social Security reform.

**The Battle of the Gorge**

Wayne Hockmeyer, the angry man in the whitewater rafting business, convinced a reporter that Great Northern was sealing off Ripogenus Gorge. Although Paul Firlotte and I spent over an hour talking with the same newsmen, the front page headlines in the September 25 editions of the Maine Sunday Telegram read:

"The Great Northern Shuts Out Public At Penobscot's Ripogenus Gorge"

Over WMKR, the Millinocket radio station, the news headlines from the Associated Press included:

"The Great Northern Paper Company has shut off public access to Ripogenus Gorge on the Penobscot River."

I promptly denied Great Northern was barring visitors from the gorge but the damage was done and the story spread. Before the week was over, the Bangor Daily News took the unusual step of criticizing in an editorial the reporter for the Portland newspaper who wrote the
Battle (continued)

article. The fact that we had piled up rocks as a safety measure on an access road and the fact that a "no trespassing" sign was posted by error on a new gate complicated the Company's explanations. In the October 2 edition of the Telegram, the newspaper printed a letter and a photograph we supplied clarifying Great Northern's policy. Copies of the letter were sent to three dozen people in business and government. Governor Longley acknowledged our letter, commenting, "I appreciate your taking the time to provide me with this information and am grateful that the company had allowed such extensive use of its lands by the public in the past." More unfriendly letters also have been received.

At week's end, Hockmeyer had signed an indemnification agreement prepared by Company attorneys. He will be permitted to drive down the road with rafts and drop them into the West Branch opposite McKay Station. He dropped his demand for access over the Station grounds.

**Evening with the Chamber**

Approximately 30 members of the Millinocket Chamber of Commerce held an October meeting in the redecorated multi-purpose room as guests of Great Northern. Fred Morrison, Dick Noyes, Phil Paul, Bob Shinners and I were hosts. Bob Shinners brought them up to date on business trends, we presented the new 35 mm slide presentation and Phil guided the group on a tour of the new offices of the purchasing and transportation departments.

**Two Successful AIM Meetings**

Great Northern Paper Company personnel have participated in two meetings sponsored by Associated Industries of Maine. Pete McConnell of Pinkham Lumber joined Lynwood Hand and Wilmer Saucier for a September 29 regional public affairs session in Caribou. It was part of an effort to stimulate business interest in state government. Approximately 40 attended. On October 6, Charles Huntley of GNN joined Tom Kelly, Pete McConnell, Fred Morrison and I at a tax seminar in Waterville. Over 60 heard a debate on the uniform property tax pitting John Marvin of the Maine Teachers Association and State Senator Bennett Katz against Mary Adams, organizer of a repeal drive, and State Representative Bonnie Post. It was front page news in all Maine newspapers. AIM as an organization hasn't taken a stand on the tax and isn't likely to do so in the future.

**The Maine Scene**

We provided Anne Erickson of the Katahdin Times with information on the approval of the rebuilding of No. 4 paper machine in the East Millinocket mill....In response to a question from United Press International in Augusta, we said the Company has never done business with Governor Longley or his insurance company. Our source was Tom Flanagan. Leaders of the Maine Woodsmen's Association have charged that the Governor made money by doing business with the paper companies....in Washington, rumors were flying about developments
in the Maine Indian land claims case. Back home on October 7, the rumors were page one news. The White House had set up a three-man task force to deal with the matter. Attorney Tom Tureen, who represents the Indians, was saying that the Gunter plan might be a basis for settlement. Maine Attorney General Joe Brennan was threatening to seek to reopen the whole matter in the courts. Donations have been made to the Bangor Symphony Orchestra, the Millinocket Jaycees for the annual Halloween festivities and for a Schenck High School yearbook advertisement.

Sincerely,

Paul

pmc/rr

Distribution:

J. R. Adams   P. I. Firlotte   W. E. Lloyd   T. S. Pinkham
E. E. Allain   T. H. Flanagan   O. J. Lombard   C. H. Reed
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R. K. Elston   D. J. Krohn   A. W. Philbrick   P. H. Welch
                            P. F. Yacavone
Mr. Robert J. Shinners  
Vice President-Operations  
Great Northern Paper Company  
Millinocket, Maine 04462

Dear Bob:

The newsletter of the Public Affairs Department for the week ending October 21 follows:

**DAMNING DAMS**

While Jerry Perkins has filled many of us in on the specifics of the Senate Finance Committee's actions on the tax provisions of a national energy policy, the "politics" of hydroelectric power emerged as a behind the scenes issue during the hearing. Jack Norman of Senator Hathaway's staff said they had a half dozen objections on environmental grounds to providing financial incentives for building dams. One came from Maine. "We told them that this nation needs new sources of energy," Norman said,shrugging off the impact of the environmentalists. Hathaway, of course, is the champion of the Dickey-Lincoln hydroelectric project on the St. John River and an unlikely ally of people opposed to damming rivers.

The fact that dams were eventually excluded from alternative energy sources eligible for tax credits was attributed to other objections. Norman said opposition from the Carter administration was the key. Assistant Treasury Secretary Larry Woodward complained the oil savings resulting from conversion to hydro didn't justify the revenue loss. Still the Committee provided a 50 per cent tax credit for equipment to generate hydroelectric power and 40 of the 50 per cent is refundable. That is most satisfactory to Great Northern.

The final decisions are yet to be made. As Jim Case of Senator Muskie's staff says "The energy program is going to be written by the conference committee." The committee started even before the Senate had finished work on all five parts of the energy program. As far as taxes are concerned, Washington observers expect the Senate to get a report from the Finance Committee next week. After
Damning Dams (continued)

action by the full Senate, the bill goes to conferees. The Senate version is in sharp conflict with the House-approved bill which places major emphasis on new taxes to discourage use of oil and gas. We will be supporting an American Paper Institute effort to urge House conferees to reconsider. API is branding the House bill "the largest tax raising measure proposed in the nation's history, without regard to its impact on the economy..." Some taxes are acceptable and necessary to make the program work. An example is the crude oil equalization tax. Industry also wants the revenue from such taxes plowed back into the energy program.

Bob Hellendale has written Senator Hathaway expressing our appreciation for Jack Norman's cooperation.

Meanwhile there were developments in the Dickey-Lincoln controversy. A poll paid for by L. L. Bean, a Freeport sporting goods store, showed public opinion in Maine had swung against the project, 40 to 38 per cent with 22 per cent undecided. Last May the project was favored by a 3-2 margin. Senator Muskie reaffirmed his support for the project in a letter read at a Fort Kent hearing. Organized labor is planning a campaign for Dickey-Lincoln. Without a major project, unions representing the construction trades face a loss of memberships in the next few years says Ben Dorsky, president of the Maine AFL-CIO.

**INDIAN MATTERS**

The claims of Indians to 12,000 acres in the Cape Cod town of Mashpee were commanding attention in Washington this week. The influential Massachusetts Delegation is pushing for a settlement before Congress adjourns in November. Legislation which would provide the Federal share of a multi-million dollar agreement is before House and Senate committees. Sources early this week said the Indians would get $4 million ($3 million from Washington, $1 million from Massachusetts) and claims to all property of one acre or less (homeowners) under the proposal would be extinguished. Today's newspapers put the price tag at $20 million. The White House opposes setting precedents in Massachusetts which could inflate the cost of a Maine settlement.

Governor Longley and Attorney General Brennan continue to oppose giving state money to the Indians, contending it's a Federal matter and that the cost should be absorbed by Congress.

Claims of the Wampanoag Indians in Massachusetts also were commanding headlines as a U.S. District Court opened hearings in the case.

**AIM: A POLITICAL ROLE?**

Associated Industries of Maine is considering a major new commitment in the political arena. Should AIM encourage candidates to seek office? Should AIM endorse candidates? Should AIM contribute financially to candidates' campaigns? These and other questions will be considered at a committee meeting in Bangor on October 25. Two more AIM public affairs meetings have been held, one in Waterville and another at Rockland. Both sessions attracted nearly 50 business people. Others are planned in Portland and in Biddeford. At a directors meeting on
AIM (continued)

October 13, AIM endorsed the concept of a "Little Williams Act" for Maine. Great Northern will finance the legal research involved. Such a law provides certain steps, including public notice, which must be taken when one company is taking over another.

THE MAINE SCENE

The Maine Forest Products Council is getting ready to push an attempt to restore the Bureau of Forestry to the status of a separate agency in state government. It is now a bureau of the Department of Conservation....The Conservation Department finally got around to publicly announcing the study of the Penobscot River....Scott Paper Company laid off 400 employees of its Winslow paper mill for a week because of lack of business....International Paper Company announced plans to close down its old mill at Livermore Falls....A public hearing will be held November 3 on a proposal to boost workmen's compensation premiums by 40 per cent.

PUBLIC RELATIONS

We provided Anne Erickson of Kathadin Times with answers to her questions regarding the rebuild of No. 4 paper machine in East Millinocket....Carol Mason of the Presque Isle Star Herald called with questions regarding the Pinkham housing development in Ashland....With Bob Cardin of Bangor, we visited the Pinkham mills. Cardin will develop a series of advertisements for the lumber company....Scott Hutchinson, president of the Canal Bank, and Henry Magnuson of the Paper Industry Information Office visited Millinocket and the West Branch area on October 17 and 18. It was the banker's first exposure to mechanical harvesting equipment....A news release on GNN earnings was published in the Bangor and Portland newspapers and broadcast over radio station WMKR in Millinocket....Contributions have been made to the Maine Lung Association, the Fort Kent Lions Club, Northeast District of the YMCA and the Houlton Rotary Club Auction....We placed an advertisement in the Maine Forester published by students at the University of Maine....A Halloween safety advertisement will be published in the Katahdin Times....A donation also was made to the Millinocket Bowling League in which GNP employees participate.

LEGISLATION

With Lynwood Hand, we discussed with Vic Mattson and Pat Welch the filing of legislation during the special session which will relax state regulations governing cone burners in Aroostook county. Legislation for the session opening in January must be filed by November 10.

PAPER INDUSTRY

Washington observers will bring people up to date on the national energy program, President Louis Laun of API will help Maine celebrate its new role as the No. 1 papermaking state, the new commissioner of Environmental Protection will be a speaker and the vocational institutes in Calais and Presque Isle with training programs for timber harvesters, will be honored at the annual meeting of the Paper Industry Information Office January 13 in Bangor.
Thank You!

The new 35 mm slide presentation on Great Northern has been shown 34 times to over 700 people -- customers, visitors and employees. Showing in the multi-purpose room of the Engineering & Research Building can be arranged by calling Rhonda Reed.

Sincerely,

[Signature]

Distribution:

J. R. Adams  P. I. Firlotte  W. E. Lloyd  T. S. Pinkham
E. E. Allain  T. H. Flanagan  O. J. Lombard  C. H. Reed
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R. K. Elston  D. J. Krohn  A. W. Philbrick  P. H. Welch
              P. F. Yacavone
Mr. Robert J. Shinners  
Vice President-Operations  
Great Northern Paper Company  
Millinocket, Maine 04462

Dear Bob:

The newsletter of the Public Affairs Department for the week ending October 28:

GOING TO THE POLLS: DECEMBER 5

The uniform property tax will be the major issue facing Maine voters when they go to the polls on December 5. It's the day when the campaign to repeal the tax comes to a head. In addition, voters will be asked to approve eight bond issues totaling $65.4 million. Vacant seats in the House of Representatives will be filled in special elections in Van Buren and Sanford with Democrats expected to retain control. In some Maine cities municipal elections are scheduled.

The emotional campaign over the complicated state uniform property tax is picking up steam. (A fact sheet covering the tax is attached. It was provided by Millinocket School Superintendent Bob Pelletier.)

Will the tax be repealed?

"Yes. If people get a chance today to kill a tax, they do it."  
---Bill Bullock, president, Merrill Bank

"No. While nobody likes taxes, Maine people will do what they did when the voted on the income tax: reject repeal."  
---Joe Sewall, president, State Senate

"Yes. The tax is in trouble."  
---Donna Mundy, Associated Industries of Maine staff member

"I am very concerned. People just don't understand the tax."  
---State Senator Bennett Katz, the father of the law

"Maybe the tax is in trouble, if there is a big turnout in
municipal elections in the cities it may save the day," Representative Richard Carey, mayor of Waterville, chairman of the House Taxation Committee and candidate for the Democratic nomination for governor. "If that happens we will need $5 million or so in new revenue. The House will vote for an income tax increase to provide the funds. The Senate will kill the House proposal and urge an increase in the sales tax," Carey continued, predicting "finally the Legislature will focus on the Tree Growth Tax Law. There was a lot of sentiment along those lines in the last session." Carey's views are shared by others.

Governor Longley says he hopes to have an alternative formula for school financing ready by November 5. While the Governor hasn't committed himself yet on the issue, one of his chief aides (Charles Wyman) has. He deplored skyrocketing school costs under the law in a "personal" talk in his home town.

On the bond issue list are:

$30,000,000 for pollution abatement facilities
300,000 Maine Maritime Academy renovations
5,965,000 University of Maine facilities, including funds for building to house students enrolled in pulp and paper programs
3,748,000 for facilities for four vocational-technical institutes
10,000,000 for energy conservation projects in schools
1,800,000 for airports
11,500,000 for bridges and roads
2,100,000 for a home for veterans

$65,400,000 Total

...NEXT WILL COME 1978

The candidates are lining up for the 1978 elections. The lengthening lists:

U.S. Senate
Democrat --- Bill Hathaway
Republican --- Bill Cohen

Congress-First District
Democrat --- Nobody has made it official but State Representative Dick Spencer looks like a candidate.
Republican --- Dave Emery

Congress-Second District
Democrat --- Mark Gartley, the Secretary of State who used to work for Great Northern while a boy.
Republican --- State Senator Olympia Snowe of Auburn will soon make it official.
Governor

Republicans--Representative Linwood Palmer of Nobleboro,
House minority leader;
Senator Jerrold Speers of Winthrop, Senate
majority leader;
Charles Cragin of Portland, the former
lobbyist;
Stanley Moody of Portland

Democrats---Representative Carey;
Senator Phil Merrill of Portland, former
campaign chairman for U.S. Senator Muskie.
People are waiting for Attorney General
Joe Brennan to make it official.

Nobody knows for sure what the Governor will do. Will he go back to
selling insurance as he said he would when elected? Will he run for re-
election, or the U.S. Senate? With Jim Longley undeclared, the politicians
are very uneasy.

Looking ahead, observers are also pointing out 1978 will be the first year
when the "one-man one-vote" rule will guide the election of the House.
Republicans expect to make some gains in the cities.

Energy

Tom Heyerdahl is Congressman Cohen's chief legislative assistant. We
talked to him October 27 regarding the energy program. "While it isn't
official," he said "it appears Congress will recess on November 4 or 5.
Members will go home. They will return to act on the energy bill after
the Conference Committee completes a package, probably November 20, or
later." Will the House reconsider its hard-line approach of mandating
energy conservation by imposing several new taxes? "It's hard to say.
There is no consensus. The House is almost evenly divided," Heyerdahl
says. The Senate today was rushing to send tax provisions to the con-
ference committee. A U.S. Chamber of Commerce lobbyist says the fact
that the Senate revived the "user tax" makes it inevitable that some
such tax will be part of the final package. The House accepted the idea,
proposed by the administration. The Senate Finance Committee discarded it.
The full Senate revived the tax as a means of forcing oil and gas users to
convert to coal. Great Northern is planning to write all members of the
New England Congressional Delegation to oppose the user tax, urging instead
that fuel oil equalization tax be adopted and revenues be used for con-
servation, conversion and development of new sources of energy.

The Indians

On October 28 a select Senate committee considering the problems of the
Massachusetts Indians decided to shelve for this year a Mashpee settle-
ment. Members of the Maine Congressional Delegation had voiced concern
over the precedents which would have been set. Senators, before deciding
not to take action at this time, questioned if it would not be premature
to act before the question of the legality of the Mashpees as a tribe
had been settled in the courts. Hearings are in progress in Boston.
DICKEY-LINCOLN

Advocates of Dickey-Lincoln are on the counterattack in Maine with Senator Muskie kicking off the campaign in a Sunday Telegram interview in which he accused environmentalists of fighting all approaches to new sources of energy. Bob Cummings analyzed the Muskie statement in this way:

"And Muskie compares Dickey-Lincoln with the proposals by Great Northern Paper Company to flood a section of the Penobscot River.

"I find paper companies willingness to trade timberland for reliable power a better indication of the actual tradeoffs involved than the hyperbolic speculation of those who grasp at any argument to denigrate Dickey-Lincoln.

"Again the statistics are confused. Great Northern would flood 800 acres to generate almost a third of the energy Dickey-Lincoln is capable of producing by damming 88,000 acres."

PUBLIC RELATIONS

Transportation was provided with a new information sheet for the company aircraft and another sample automobile decal....A new Pinkham folder has been sent to the printers....A first draft of a series of advertisements for Pinkham was sent to George Smith for review....In Augusta, we met with Fred Clough to work on the Great Northern history which is very close to being ready for the press. We have been hunting for material to illustrate a chapter on the unions....With guidance from Jerry Perkins and Bob Hellendale, we released information on the mineral discovery on lands west of Ashland. Stories appeared in all Maine newspapers....Hunting safety advertisements were scheduled in the Katahdin Times....Copies of the GNN quarterly report highlighting the rebuild of an East Millinocket paper machine will be widely circulated to Maine businessmen and others....Contributions were made to the Ashland Rotary Club and the Aroostook County Sheriffs Association.

Sincerely,

pmc/b

Enclosures
Great Northern Paper
a company of
Great Northern Nekoosa Corporation

Paul K. McCann
Manager Public Affairs

November 4, 1977

Mr. Robert J. Shinners
Vice President-Operations
Great Northern Paper Company
Millinocket, Maine 04462

Dear Bob:

The newsletter of the Public Affairs Department for the week ending November 4:

**THE DIFFERENCE A WORD MAKES**

Hydroelectric power projects except for transmission lines were on the list of "alternative energy property" eligible for a 40 per cent extra tax credit (50 per cent in all) when the Finance Committee bill went to the Senate last week. The incentives were designed to make it easier for industry to convert from oil and gas to coal and other sources of energy. When the full Senate cut the extra credit to 15 per cent, Senator Hathaway of Maine made a motion to strike out a word and here is what was approved:

"(iii) equipment used in the production of energy—

"(II) by hydroelectric power, including turbines and equipment up to (but not including) the electrical transmission stage,

× including the dam structure,

Jack Norman of Senator Hathaway's staff reported on this development on October 31.

The attempt to keep dams eligible for tax incentives has been an up-and-down struggle in Washington for Great Northern. Few others are interested. It was believed that the full scope of hydroelectric projects were covered in the House version of the energy package. It turned out that this wasn't so. Somebody had tinkered with the language. When
Difference a word makes (continued)

the Finance Committee turned down Senator Hathaway's proposal that dams be made eligible, the Senator said he would try again on the Senate floor. He did and was successful.

What's next?

Norman says that there are two schools of thought on how the matter will go to conference. One was that the tax matters would be put off until conferees had finished work on all other portions of the energy legislation. The other was that a second conference committee would be established to handle tax matters, working "parallel" to the existing committee. On November 4, he indicated he expected conferees for the "parallel" approach to be named later in the day and was still expecting Senator Hathaway to be one of them.

Norman sees a "hard road" ahead for the dam portion of the hydroelectric projects. The Treasury Department has opposed the idea since the start of the deliberations. Assistant Treasury Secretary Laurence N. Woodworth fears the precedent which would be set if dams were eligible. Norman says Woodworth has been telling members of Congress "if you do this and make dams eligible, the next thing will be buildings." He prefers to see only machinery eligible for tax credits.

After the conferees finish work "hopefully before Thanksgiving" according to Norman, the Senate and House must reconsider the legislation.

END OF THE INVESTIGATION

Attached is a copy of a news release issued November 3 following court approval of a consent decree ending an investigation by the Attorney General's department into how Great Northern buys wood.

The subject got varied treatment from the Maine news media.

The story was a topic on the evening news on all three Bangor television stations. Two of the three included quotes from the Great Northern release. Only one station went to Wayne Birmingham of the Maine Woodsmen's Association for comment. He was critical of Attorney General Brennan. The wire services based their early stories for radio broadcast on the news release issued in Augusta by the Attorney General.

The Bangor Daily News on November 4 headlined the story "GNP, state sign consent decree" and Christopher Spruce of the News staff quoted extensively from the Great Northern release in a page onestory. Elsewhere in Maine there were these headlines:

"Justice Socks Great Northern With Penalties"
---Portland Press Herald, page 2

"Ruling Bars Coerced Sales of Sawlogs"
---Kennebec Journal, Augusta, page 17

"Great Northern's wood-buying practices cited"
---Lewiston Sun, page 12

"Woodsmen Win Great Northern Price Case"
---Morning Sentinel, Waterville, page 1
In addition to the distribution of the news release to the media, copies were mailed to all northern Maine legislators, members of the staff of Congressional Delegation and other community leaders.

"WHERE THE MONEY IS...."

State Senator Bennett Katz of Augusta is the most articulate defender of the state uniform property tax. He sponsored the original legislation, the controversial "L.D. 1994." Katz is an Augusta jeweler who is a believer in education, "the passport to success." During a debate in Waterville with Mary Adams, who leads the campaign to repeal the tax, Katz displayed a computer readout. "This tells you how many people in Maine make over $20,000. There are not many of us. And there isn't much more to be gained by increasing the income tax," the Senator said.

How many people make over $20,000?

In 1975, 12,047 people filed returns with taxable incomes of over $20,000. Of these, 4,955 had incomes under $25,000, 3,612 under $30,000 and 2,872 under $50,000. There were 608 reporting income of from $50,000 to $500,000.

PUBLIC RELATIONS

A Pinkham Christmas advertisement was approved and sent to the Northern Logger along with a Great Northern advertisement....Bangor Daily News Washington Correspondent John Day called to ask about the impact of mandatory conversion to coal and the energy users tax on Great Northern. Paul Firlotte talked with him. The story was on page one of the November 4 edition of the News....We agreed to co-sponsor Schenck soccer games over WMKR....On behalf of Great Northern and the Pinkham Company, we contributed to a fund to bring a symphony orchestra to Fort Kent....Two Great Northern Nekoosa news releases were distributed....With Bob Hellendale, we worked on a letter to Bob Cummings in which misleading quotes in a Maine Sunday Telegram story were clarified. Cummings based his story on an October 22 talk by Bob at an annual meeting of the Appalachian Mountain Club in Auburn. Persons involved in the public lands exchange were honored.

Sincerely,

pmc/b

Enclosure
BANGOR --- Great Northern Paper Company has reached an agreement with the State Attorney General which will end an investigation by that office into how the Company has been buying wood.

The Company will make approximately $5,500 available to the Attorney General's Department to pay out to suppliers who the state agency contends did not receive a high enough price for sawlogs. If any of the money deposited by Great Northern isn't claimed, the money will be returned to the paper company. Great Northern will also reimburse the state for the cost of the investigation, $4,400.

The Attorney General's Department has alleged that the Company, in purchasing pulpwood, had insisted that some of its suppliers deliver their sawlogs to the Pinkham Lumber Company, a division of Great Northern. In the settlement, Great Northern, without acknowledging any illegal conduct, agrees it will refrain from any such practices.
"Although our attorneys are confident that the Company could wage a successful defense against such charges, it makes good business sense to settle the matter in this way. If the matter had been litigated, it might have dragged out for years. Legal fees for attorneys representing the Company might have been over $100,000," Robert F. Bartlett, manager of woodlands, said, adding:

"The Maine antitrust laws contain a provision for criminal penalties. That threat was hanging over the Company while a grand jury was considering evidence. It was unsettling for everyone involved, including our suppliers. Therefore, there was a distinct advantage to settling matters as we have -- whether we liked the outcome, or not."

It is the first time in Maine history that this issue has been raised, the Great Northern spokesman said. The Company cooperated with the Attorney General's Department, providing "piles of documents" for review.

The Pinkham division, which Great Northern purchased in 1972, uses 150,000 cords of sawlogs annually; the Company as a whole uses 1.1 million cords of sawlogs and pulpwood.

"The investigation had apparently involved approximately 765 cords out of a total of 38,000 cords of sawlogs purchased by the Company since 1972 -- or that's what we've been led to believe," Bartlett said. "Our prices, we believe, have stacked up favorably against published state statistics," he added.

The agreement between Great Northern and the Attorney General's Department was contained in a consent decree issued in Penobscot County Superior Court today.
Mr. Robert J. Shinners  
Vice President-Operations  
Great Northern Paper Company  
Millinocket, Maine 04462  

Dear Bob:  

The newsletter of the Public Affairs Department for the week ending November 11:  

PAPER'S "POSITIVE" IMAGE  

Three years ago in the wake of a Nader study of the pulp and paper industry and a wave of adverse publicity, the Paper Industry Information Office hired Northeast Markets, Inc., to conduct a public opinion survey. A new poll has been completed. It was taken after another period in which the industry has been the target for frequent criticism. Preliminary findings were discussed November 10 at a meeting of PIIO directors.  

The industry has a positive image with eight out of ten people. The poll found 83.7 per cent (it was 85 per cent three years ago) viewed the industry in that manner while 4.7 per cent reacted negatively. Another 7.3 per cent had mixed feelings.  

It looks like the findings will be pretty much in line with the previous survey. Two items of interest:  

While the 1974 survey showed clearly that people favored payrolls over pickerel, the new survey shows that energy places second to environmental protection (54.3 to 37.7 per cent).  

The new survey indicates some changes in attitudes regarding taxes paid by the industry. The percentage of those who felt the industry pays a fair share of taxes was approximately the same. The percentage with a contrary opinion increased. The percentage having no opinion in this regard was smaller than three years ago. It would appear that Governor Longley's statements, legislative committee statements and press comments along these lines have had some  

Paul K. McCann  
Manager Public Affairs  
November 11, 1977
impact on public opinion, to the extent that approximately 5 per cent of the population who had no opinion on this subject accepted the accusations and assertions of critics of the industry.

When the final report is completed, copies will be made available.

THE WEST BRANCH STUDY

Tom Cieslinski, a planner in the Bureau of Parks and Recreation of the State Department of Conservation, came to Millinocket on November 9 to meet with Jim Carson, Paul Firlotte and me. Cieslinski is coordinating the state effort aimed at developing a recreation management study for the East and West branches of the Penobscot River. It is a follow-up to the National Wild and Scenic River Study. Great Northern is a participant.

In the meeting we discussed environmental regulations now in force, discussed recreational aspects of FPC licenses and went over the scope of the feasibility study now under way for a hydroelectric project.

The state project will include representatives of the Land Use Regulation Commission, Bureau of Public Lands, Department of Fisheries and Wildlife, Baxter State Park, the J. M. Huber Corporation, Prentiss & Carlisle and Great Northern. First meeting of the team will probably be December 7 in Bangor. The advisory committee includes 30 members representing the Legislature, other landowners, state, Indian and regional planners, the Boy Scouts, sportsmen's groups and whitewater rafting folks.

ENERGY LEGISLATION

As predicted by Jack Norman, Senator Hathaway was one of 13 named from the Senate to the Energy Tax Conference. Both Norman and Chuck Wilson of the American Paper Institute have been asked to advise us as to when tax incentives for hydroelectric projects will come before the Conference. We will probably staff the sessions. Hathaway also had Norman call to check on the facts in a story written by John Day in the Bangor Daily News on the impact of the proposed user tax. Paul Firlotte was quoted as saying that it could cost the company up to $13 million a year -- if the Millinocket and East Millinocket mills were not covered by exemptions. Day omitted the "if". It was the Senator's opinion that the Senate bill does exempt Great Northern. Copies of the full text of the Senate bill were distributed to Phil Cannella, Firlotte and Jerry Perkins.

"Since a user tax is now included in both the Senate and House bills any energy tax bill reported by the conference committee will include a user tax," Wilson reported this week. "The user tax provisions included in the Senate bill are limited to existing coal capable facilities and new oil and gas major fuel burning installations. Additional exemptions limit the applicability of the tax further. API believes the Senate user tax proposal is preferable...."

The industry also continues to oppose a crude oil equalization tax. If one is included, API's position is that "we desire to see the revenue generated from the tax to be used for incentives for production, conservation, and conversion."
MEETING WITH BARRINGER

Dick Barringer, commissioner of Conservation, joined directors of PIIO for an informal and wide-ranging discussion prior to the November 10 meeting. Some of the things discussed:

Governor Longley -- The Governor appreciated being involved in the announcement of the Diamond International expansion. The Governor was "outraged" that International Paper Company sent a couple of public affairs men (one from White Plains, N.Y.) to tell him a few hours before the announcement that the Livermore Falls mill was being sold or closed. He wasn't given a chance to help protect the 200 jobs.

Appalachian Trail -- The Governor has authorized the Bureau of Parks & Recreation to apply for federal money to buy easements along the Appalachian Trail from landowners. The easements 500 feet on each side of the trail, will be sought by the Appalachian Trail Club and would prevent development. Timber harvesting could continue. President Carter, when Governor of Georgia, pushed protection of the trail as well as scenic rivers and the Federal government is now expressing enthusiasm for similar programs.

Money for fire control -- Next week the report is due on the July fire in Baxter Park which spread onto Great Northern lands. The report will be the basis for seeking a "major amount of money" for new equipment for firefighting.

Soil erosion -- Several legislators are interested in passing a law to control soil erosion such as that which has resulted from logging in the mountains of western Maine.

Woods labor -- The issue bothers the Governor, "he can't get a handle on it."

Economic development -- His "biggest disappointment." It will be his major goal to create new jobs and to improve the resources. Some possible new industries: printing and disposable hospital supplies.

Taxes -- The Governor doesn't believe the paper industry is paying enough taxes.

Spruce Budworm -- He apologized if the companies thought Lloyd Irland in recent statements was trying to tell people how to run their business. No one was trying to dictate the species mix. The department is only trying to establish itself as a credible voice in this area. Maine is now internationally recognized for its budworm control efforts. There is no talk of scuttling the program. (Later he said he expected trouble with the Legislature.) The Office of Management and Budget is "nervous about the entire U.S. Forest Service pest control program -- now that the western states are having problems."

Great Northern -- Does the best job of keeping the conservation department informed of its views on issues.

Forestry Campsites Program -- The program needs to be revitalized. A down east experiment involving St. Regis and Georgia-Pacific (something like the "North Maine Woods") may be the way to get the job done.
THE WOODS LABOR ISSUE

Headlines of the week:

End of paper company probe criticized
---Bangor Daily News, November 7

Great Northern ordered to stop union restraints
---Bangor Daily News, November 8

Brennan Answers Birmingham Attack
---Portland Press Herald, November 8

Woodsmen Fear Price Problems May Be Worse
---Portland Press Herald, November 9

GNP Ordered To Stop Anti-Union Acts
---Portland Press Herald, November 8

Committee advocated on woodsmen status
---Bangor Daily News, November 8

Attorney Alleges Longley Threat In Woods Strike
---Portland Press Herald, November 9

U.S. to study woods jobs in Maine
---Bangor Daily News, November 10

The announcement of the U.S. Department of Labor investigation was the significant development of the week. It had been expected as an outgrowth of a meeting arranged by Senator Hathaway. Wayne Birmingham of the Maine Woodsmen's Association hailed the probe as a triumph for his group. Birmingham started the week with a blast at the attorney general for permitting a consent decree in the Great Northern wood buying investigation. In midweek, the National Labor Relations Board released a ruling against Great Northern resulting from an incident during organizational efforts by the paperworkers' union many months ago.

THE MAINE SCENE

State Senator Olympia Snowe of Auburn who will run for the Republican nomination for Congress toured the Telos woods harvesting operation November 8. Bart Harvey was her guide....Great Northern's air pollution difficulties generated headlines in the Portland, Augusta and Waterville newspapers on November 9. Two other paper companies also are in trouble with the Board of Environmental Protection which conceded in a statement that Great Northern "is fully aware of the problem and has undertaken a massive study to determine the cause of the violations"....Jack Havey, John Christie and Fred Clough of Ad-Media were briefed on November 8 on Great Northern's hydroelectric study. We are asking them for recommendations for promoting the project -- if we decide to go ahead....A report from PIIO Attorney Don Perkins on the November 3 hearing on proposals to increase the cost of workmen's compensation was distributed to interested managers.

Sincerely,

Enclosure (PIIO newsletter)
Great Northern Paper
a company of
Great Northern Nekoosa Corporation

Paul K. McCann
Manager Public Affairs
November 18, 1977

Mr. Robert J. Shinners
Vice President-Operations
Great Northern Paper Company
Millinocket, Maine 04462

Dear Bob:

The newsletter of the Public Affairs Department for the week ending November 18:

THE "DIFFICULT AREA"

"He's more interested in dollars and cents than in seeing new energy sources developed. Al Ullman is mostly interested in being the Treasury's spokesman," a Congressional staff member said. Ullman is co-chairman, with Senator Long, of the House and Senate conference on energy taxation. On November 17, the conferees turned their attention to tax credits for business -- incentives aimed at speeding industry's conversion from oil and gas. The list of incentives included hydroelectric facilities. Thanks to Senator Hathaway, dams as well as "turbines and generators" were on the list. While Great Northern hasn't decided yet on building a new hydroelectric facility, it hopes such credits will make it a more attractive investment.

Ullman isn't convinced of the desirability of incentives for hydroelectric power: "This is a rather difficult area. It could cost the Treasury a lot, particularly if dams are eligible. It's difficult enough for the House to consider the equipment, let alone dams. Perhaps you can sell us, but I have questions and remain to be convinced."

The next morning Jerry Perkins and I heard Ullman's chief aide in tax matters explain the Chairman's reluctance. Loren Cox, a respected bureaucrat, comes from Idaho but has a soft spot for the coast of Maine. Despite the fact he was fighting the flu and deep in the conference, he spent 15 minutes explaining the problem Great Northern must contend with -- what's behind Ullman's thinking.

"He's been involved in hydroelectric politics most of his career. He believes that sufficient tax credits will stimulate a lot of projects. I know of a couple in Idaho -- one is in the application stage," Cox said. His "personal" advice: fight to save incentives for everything but the dam -- watch out that it doesn't get traded away at the last minute.

Millinocket, Maine 04462. (207) 723-5131 Ext. 228
The Difficult Area (continued)

Hathaway isn't throwing in the towel. Both he and Jack Norman, the senator's aide, say the Maine man has the solid support of Senate colleagues. If they can't convince the House members of the merits of 100% eligibility, they'll try for less. Hathaway is lobbying House members seeking support. They think a five-year "cost" of $250 million, estimated by the Treasury, isn't a big amount of money when the benefits are considered. Congressman Bill Cohen joined in the effort. He went with us to see Congressman Steiger of Wisconsin (who says he is a friend of Jerry Veneman and Bob Hellendale is asking Jerry to follow up with a thank you message to spur Steiger's continuing interest). Cohen also called two other conferees, Representatives Archer and Anderson. He wrote letters, as did Congressman Emery, to all House conferees, in which he endorsed the credits. Fred Ernst, meanwhile, was again urging Senator Talmadge to continue his support of the Hathaway proposal. Senator Packwood of Oregon differs with Ullman and continues to work with Hathaway. We talked with executives of two investor-owned utilities in Oregon, hoping that they would communicate with Ullman. While one has a 60-megawatt site available, the company apparently isn't interested in pushing for the tax credits for hydro. Both are promoting nuclear and coal-fired projects. They apparently have been more vigorously opposed by environmentalists on hydro than on the other alternatives. They also have seen profits erode to the point where there is little room to apply credits even if they had them. The House bill calls for an additional 10%, the Senate bill for 15%.

Jerry Perkins went to Washington on November 16 and I joined him that night. Chuck Wilson of the staff of the American Paper Institute and Tim Westbay of St. Regis (the API Government Relations Committee coordinator) both gave us help during the week. The Committee planned to finish going through the House and Senate reports, section by section, on November 16 and recess until November 28.

THE DIFFERENCE

From the official conference comparison on the energy tax provisions prepared by the staff of the Joint Committee on Taxation, here is the difference between the two reports in defining what alternate energy property includes:

<table>
<thead>
<tr>
<th>House Bill</th>
<th>Senate Bill</th>
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<tbody>
<tr>
<td>Alternative energy property includes:</td>
<td>Alternative energy property includes:</td>
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<tr>
<td>(1) boilers</td>
<td>(1) Same as House bill.</td>
</tr>
<tr>
<td>(2) Burners for combustors other than boilers.</td>
<td>(2) Same as House bill.</td>
</tr>
<tr>
<td>(3) Nuclear and hydroelectric power equipment, not including turbines or</td>
<td>(3) Same as House bill, except includes turbines and generators used in</td>
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<tr>
<td>generators.</td>
<td>hydroelectric facilities. Under a Senate floor amendment by Senator</td>
</tr>
<tr>
<td></td>
<td>Hathaway, agreed to by voice vote, dams are also eligible for the credit.</td>
</tr>
</tbody>
</table>
Also on November 28

Washington representatives of paper companies are expecting conferees to formally vote on November 28 to send the Clean Water Act of 1977 to the House and Senate for final approval. Conferees agreed November 10 on a bill that relaxes the 1983 goal of best available technology and excludes forestry activities from the Section 404 dredge and fill controls of the Corps of Engineers. Bangor Daily News Washington correspondent John Day hailed it as a victory for the paper industry. Congressional Quarterly says Senator Muskie was notably absent from the conference. On the one day he attended "the veteran senator, who had sponsored clean water laws for years argued eloquently against the House proposals to ease requirements on industry." Muskie is now recovering from a back operation.

The Tax Debate

In Lewiston, the Evening Journal supports retention of the uniformed property tax. "To come out for repeal without offering an alternative is ridiculous," the paper said in an editorial.

In Portland, the Press Herald said "we'll opt for repeal in the Dec. 5 referendum." One reason: "land and homes lend themselves to relatively easy assessment but the complexity of giant industrial plants, including huge pulp and paper mills, easily outstrip the expertise of giant assessors."

Nine out of ten legislative leaders (the exception is Republican Gubernatorial Candidate Linwood Palmer) urged the public to keep the tax.

Polls indicate the voters are divided over the merits of the tax with advocates of repeal given the edge.

The tax committee of Associated Industries of Maine meets December 8 to evaluate the outcome of the vote and its impact on the legislative session opening in January.

Great Northern was one of eight paper companies which contributed $375 to Maine People for the University which is promoting a $5.9 million bond issue to finance University of Maine projects. Included would be additional facilities for students planning careers in the pulp and paper industry.

The Woods Labor Issue

"The Maine Logger" was the title of a two-part series which started November 13 in the Maine Sunday Telegram. Some quotes:

"Federal safety regulations require that loggers shall wear hardhats....there are no restrictions on how fast they can work themselves to death."

"The mythology of the Maine logger is gradually eroding. He is not free, he is not his own boss. He is right under the thumb of the paper companies."

It was written by Jonathan Falk and Fritz Lyon, who have been critics of the forest industry in the past. It kept the issue in the public eye. Another of several stories on the subject covered the fact that Senator Hathaway has filed legislation which would require Canadians working in Maine to live in Maine. It's aimed at the woodcutters with visas.
LEGISLATURE

Leaders have scheduled another session November 21 to consider bills proposed for consideration at a session of the Legislature opening in January. The business of the 50-day session is limited to budgetary matters, legislation in the Governor's call, bills from legislative study committees and emergency matters. The Company is hopeful bills (1) relaxing air pollution regulations pertaining to teepee burners and (2) providing state regulation of corporate takeovers will be considered as emergency matters. Associated Industries of Maine has endorsed the "Little Williams Act" which provides for procedures for takeovers of publicly owned companies.

OTHER MATTERS

Contributions were made to the National Multiple Sclerosis Society in Millinocket and East Millinocket, Salvation Army and the March of Dimes. Great Northern co-sponsored a broadcast of the state championship soccer game involving Schenck High School and also a public hearing on the need for a school lunch program in Millinocket. A hunting safety advertisement was sponsored in the Katahdin Times. With Fred Morrison, we met with representatives of the recreation commission who asked for assistance in establishing a ski area in Millinocket. Pete McConnell of the Pinkham Company was planning to attend the annual meeting of the State Chamber of Commerce at which Senator Hathaway and Congressman Cohen were to speak. Pete was asked to let the Senator know how much we appreciated his support for hydro incentives.

Sincerely,

pmc/b
Mr. Robert J. Shinners  
Vice President-Operations  
Great Northern Paper Company  
Millinocket, Maine 04462

Dear Bob:

The newsletter of the Public Affairs Department for the week ending December 2:

ON THE FRONT BURNER

"What is a fair share for paper industry and customers of paper products to pay -- that is the question," Fred L. Smith, Jr. of the Environmental Protection Agency told the annual government affairs workshop of the American Paper Institute held November 20-22 at Sea Island, Georgia. Smith's subject was the product charge proposal now being considered by a cabinet-level study committee.

Smith says paper represents...30% of the solid waste flow by weight; 20 to 40% by volume; and

If solid waste costs taxpayers $4 billion, the cost of collecting and disposing of paper is between $800 million and $2 billion.

Smith is staff director for the Resource Conservation Committee which will report next year on the feasibility of different approaches to "resource conservation." A series of public hearings ended November 21 with the paper industry fighting the concept of a tax. API is looking for a counter proposal and prefers a "resource recovery" approach to "source reduction." A waste management system is being explored in a joint effort with the steel, aluminum, glass and plastic industries along with brewers and soft drink bottlers. It would be a private industry solution.

Hanging over the paper industry is the threat of a $26 a ton tax on paper made of virgin fiber. It's been proposed by Senator Hart of Colorado. EPA suggests $30.

Smith was one of a panel of four who discussed the subject.
Front burner (continued)

Here's the arguments for the idea: (1) manufacturers would absorb responsibility for disposal -- as well as some of the cost, if it couldn't all be passed along, (2) use by consumers would be discouraged and (3) the tax would be an incentive for technological change. "Historically, paper has been underpriced, now we want the full environmental factor included in the cost....most, not all, could be passed on....", Smith said.

The case against the tax -- sometimes it is called "cost internalization" -- was made by Patrick Rowland at the Glass Packaging Institute and Dick Welchmann of the American Paper Institute. John Whitaker of Union Camp who introduced the panel, said a tax will cut into profits at a time when industry has a capital shortage. It will not save trees. It will not reduce the amount of land required for dumps. It will add another uncertainty at a time when confidence is needed in the business community. It will have a big impact on low income people. The big companies will profit and grow at the expense of small business.

I am distributing copies of a summary of the "pros and cons" on this issue, prepared by API.

The second day of the session was devoted to the subject of state relations.

Jane Fitzgibbon of Yankelovich, Skelly and White, Inc., summed up how the public looks at the problems of this industry:

Air pollution -- not seen as a major problem for industry.

Water pollution regulation -- Retains heavy support. The public is aware of cost but is not willing to compromise. The paper industry is viewed favorably as a result of its efforts.

Natural resources -- People are not willing to sacrifice because they are not yet convinced we have shortages which can't be overcome.

Solid waste -- Re-emerging as an issue. Paper isn't viewed as a big problem.

Neal R. Peirce of the National Journal and an author, Stan Hulett of the California Forest Protective Association and Barbara Ann Alderson of API also participated. API has embarked on a five-year program to beef up its "grass roots" lobbying organization.

James B. Edwards, governor of South Carolina, the banquet speaker, delivered an eloquent defense of free enterprise.

Bruce Ellen and Fred Ernst of Great Southern also attended the workshop. Over 75 representatives of 30 companies attended (the biggest delegati was the half dozen representatives of International Paper).
Twenty-five people (seven from the American Paper Institute, three from International Paper and the rest from companies large and small) attended the third in a series of API public affairs workshops on November 29 in Albany, N.Y. A new one-inch thick Public Affairs Leadership Manual was introduced designed to provide each member company "with the information necessary to develop and implement a new public affairs program or expand or improve an existing one."

Consultant Mike Dunn says it must be API's aim to develop a "systemized, channelized" approach to having an impact on decisions in government. Other speakers were Nick Van Nelson and Barbara Ann Alderson of API and Carol Raulston of IP.

The API program is gaining momentum, with the strong support from IP. Miss Raulston said smaller companies can be more effective than larger companies in communicating with members of Congress.

**The Legislature**

After looking over a list of the 200 bills accepted by leadership for the special session of the Legislature opening January 4 in Augusta, Lynwood Hand identified several of interest to Great Northern Paper Company. The "Little Williams Act" designed to regulate takeovers of corporations such as Great Northern Nekoosa was added to the special session agenda at a November 30 meeting. Turned down 9-1 at a November 22 session because of a lack of information, the need for a disclosure law was explained in a memorandum written by J. F. O'Handley and sent to legislative leaders by Bob Hellendale. The bill has been endorsed by Associated Industries of Maine. Representative Pelletier of Houlton is sponsoring a bill to relax air pollution standards governing teepee burners in Aroostook County. It was drafted by Hand at our request. Other matters of interest include a proposal that the Land Use Regulation Commission set standards for logging roads, another (sponsored by House Speaker Martin) to change the discount rate in the tree growth tax law, and a third which calls for revisions in environmental laws. In addition, Lynwood expects further bills to be introduced by the Governor. The administration package will include a budworm financing package and possibly a Department of Environmental Protection proposal to control sedimentation resulting from logging.

Great Northern management people who will go to Augusta in the special session will meet at 10 a.m., December 14, in Millinocket. We'll go over the legislative outlook with Lynwood, Hank Magnuson of the Paper Industry Office and Donna Mundy of Associated Industries of Maine. In Ashland on December 12, we will meet with other people in the forest industries who would be interested in changing laws regulating teepee burners.

**The Energy Bill**

Conferees dealing with energy taxes resumed meetings on November 28 but haven't got anywhere according to Jack Norman of the staff of Senator Hathaway. Norman said December 2 that there has been no further discussion of tax incentives for hydroelectric power development, favored by Senator Hathaway and supported by Great Northern. Norman said that Chairman Ullman, who shares the responsibility for presiding over the
The Energy Bill (continued)

conference with Senator Long, indicated he hoped the group could start making decisions next week. But Norman said that it may depend on the outcome of another conference dealing with how large a price increase to allow on natural gas.

A veteran paper industry representative in Washington agreed with Norman that the settlement of the natural gas issue has got to come before the tax conference goes into high gear.

THE WEST BRANCH

The first meeting of the study team involved in the State Department of Conservation study of the upper Penobscot will be held December 8 in Bangor. Paul Firlotte and I plan to participate.

On November 30, Hellendale, Firlotte and I discussed the Penobscot and our alternatives with Jack Havey, John Christie and Fred Clough of AdMedia. The group had been asked for suggestions on how to promote Great Northern's goal of keeping open the option to build another hydroelectric station.

The next day Firlotte and I along with Les Hazelton went to Bangor to brief representatives of other landowners in the region and Bob Haskell of Bangor Hydro on where we stood in the hydro study and to discuss priorities in dealing with the State Department of Conservation. It was agreed that it is going to be necessary to develop a state plan which can stand the test of federal scrutiny and on which the Governor can hang his hat. Representatives of J. M. Huber and Prentiss & Carlin will also be members of the study team.

ELECTION DAY

Voters go to the polls Monday, December 5, in Maine. The major issue on the ballot will be the proposal that the uniform property tax be repealed. The tide appears to be running in favor of repeal. This week Governor Longley joined the repeal forces. If the tax is repealed, the Legislature will have to find between $5 and $7 million in new funds for education. There is $17 million now available in surplus so it doesn't appear to be a problem. If the Legislature turns to new taxes in the wake of repeal, industry may have problems. The tax committee of Associated Industries of Maine meets in Augusta on December 8 to consider the picture. Al Tozier and I are planning to attend.

Sincerely,

pmc/b
THE SOLID WASTE DISPOSAL TAX

The solid waste disposal tax as proposed by Senator Hart in S.1281, would impose a charge of $26/ton on all paper products and flexible packaging not made of post-consumer waste. It would impose a charge of $5/thousand on all rigid containers not made of post-consumer secondary materials. These charges would be phased in over a ten year period (10%/year). The EPA Administrator would be required to increase the tax rate every 2-4 years to meet the rate of inflation. The EPA version of a solid waste tax as discussed in the 4th Report to Congress, Appendix B, is almost identical with the Hart proposal, except that the rate would be $30/ton for paper and flexible packaging. As far as the use of the funds collected, both the Hart and the EPA proposals, propose establishment of an Environmental Quality Assistance Fund to be divided among the municipalities on a per capita basis. The EPA proposal offers an alternative of returning funds to the tax payers as an income tax rebate.

The paper industry estimates that at an initial $30/ton rate, this tax could cost the industry $46 billion over the first 20 years. The implied impacts of this are considerable and they effect not only our industry, but the economy as a whole. We believe that, as proposed by Senator Hart and EPA, the solid waste disposal tax:

is discriminatory, since it would tax paper in all forms while other materials -- such as plastics -- would only be taxes when utilized for packaging.

is inflationary. The $30/ton tax, in the first year that it is fully implemented, would cost the paper industry $2.6 billion, which would become part of the paper cost structure; and, after markups of 50 to 100 percent as it is passed through the distribution chain, would add $4 to 5 billion to the consumer's annual burden.

is regressive since its heaviest impact would be on low income families. Such families spend a greater portion of their income on packaged food, clothing, pharmaceuticals, and other necessities which use paper, than do higher income levels.

would create market dislocations since, being imposed on a weight basis, it favors lighter materials such as plastic. This could cause a shift away from paper, which is made from a renewable resource, to products that use nonrenewable natural resources -- in the case of plastics, imported oil.
favors energy-intensive products. The paper industry supplies 45 percent of its energy needs by burning its own waste products. As noted above, on a weight basis, the tax would favor plastics which are energy-intensive, thus putting more pressure on our nation's oil supplies.

by increasing the cost of all paper, would result in higher advertising and subscription rates; would give broadcasting an unwarranted benefit over the print media; would increase the number of marginal publishers and advertisers, and would accentuate a social concern by channeling more people (particularly the poor) away from print and toward television.

would have a serious impact on the waste paper market and thus on the small recycling paper mills. To avoid paying the tax, the large linerboard, corrugating medium and newsprint mills will use supplementary post-consumer waste in their furnish. Therefore, these large mills will be buying up large quantities of the better qualities of post-consumer waste paper. This will not only drive up the price of waste paper for the small recycling mills, but they will have to pay increased recovery costs, greater transportation costs, and higher cleaning costs for the more contaminated paper. Since some of these mills are only marginally profitable, this tax would have a serious impact on the smaller recycled boxboard and de-inking mills.

by encouraging large mills' use of recycled paper as a tax-avoidance measure, would reduce their purchases of wood chips from small lumber and plywood producers. Because these small facilities must keep their lumber and plywood prices competitive with those of the large mills, they often depend on chip sales for their profits. This will also leave more wastes in the woods, and could inhibit new growth.

creates a strong disincentive for resource recovery. The Hart bill establishes an "Environmental Quality Assistance Fund" which will be allocated to municipalities on a population ratio basis. Why should municipal officials become involved in the sort of "risk venture" which a resource recovery operation represents, when the federal government will underwrite their present solid waste collection and disposal operations?
most important of all, does not solve the solid waste problem. The real solid waste problem in this country is the availability of land in urban and suburban areas to dispose of our solid waste. Taxing the paper industry will not solve this problem, since the above dislocations which the tax would cause, will not have a significant impact on the total volume of all products reaching the solid waste stream.

is a new tax. The Carter Administration has pledged to simplify the tax system, not make it more complicated and burdensome - certainly not to add a new tax which is both inflationary and regressive.

would place a burden on the viability of the paper industry. We estimate the average cost of the tax over the first twenty years would equal the present total profit of the industry. To the extent this cannot be passed on, it would further diminish the capital available for expansion. This would cause product shortages and inflation.

proponents claim it would reduce the amount of packaging. This is counterproductive to the goal of solving the solid waste problem. Packaging helps to ease the solid waste problem. When food is processed and packaged, rinds, husks, fishheads, etc. do not impact municipal solid waste systems, but are left in rural areas as fertilizer or feed for cattle.
Mr. Robert J. Shinners  
Vice President-Operations  
Great Northern Paper Company  
Millinocket, Maine 04462

Dear Bob:

The newsletter of the Public Affairs Department for the week ending December 9 follows:

**TAXES: OUT WITH ONE**

Voters on December 5 repealed by a decisive margin the state uniform property tax.

"The tax was repealed not because of one or two faults, but for many reasons," the tax committee of Associated Industries of Maine was told three days later by Linwood Palmer, Republican leader of the House of Representatives. Palmer, a gubernatorial candidate, was the only legislative leader to favor repeal.

When legislators return to Augusta on January 4, Palmer told the businessmen there will be agreement that the state should continue to finance 50 per cent of the cost of education. "How will the money be distributed to the towns -- that's the question?" With a smile, Palmer said he anticipated a "full 50-day session." That's the legal limit for sessions in off years.

The alternative to the uniform property tax that Governor Longley offered a few days before the vote was much like a proposal Palmer made unsuccessfully in March -- a ratio system. (Copies of the legislation have been distributed.) Palmer predicted the choice for the Legislature will be between the ratio approach and a flat grant system. What would the ratio system mean for municipalities? (The Legislature would annually estimate a total school funding level and determine an average property tax mill rate for the purpose of establishing ratios for each school unit. For example, if the Legislature for next year established a funding level of $290 million with an average property tax rate of 11½ mills, each unit would have a ratio for state funds based on their total school costs and their ability to raise funds at 11½ mills.) Here is an example from Palmer:

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Taxes (continued)

"Let's take two hypothetical school units, School Unit A and Unit B, with budgets of $1 million. School Unit A at 11 1/2 mills raises $500,000 of their $1 million budget. They would, therefore, have a ratio of 1 to 1, which means for every dollar raised locally they receive $1 from the State. In School Unit B, let's assume at 11 1/2 mills they raise $250,000 of their $1 million budget. They would have a ratio of 1 to 3, which means they would receive $3 State dollars for every dollar raised locally. State matching, under the Ratio System, is, as this demonstrates, a subsidy based on need and is available only up to the level of estimated costs. Therefore, there can be no deficits at the State levels."

Everybody at the AIM meeting (attended by Al Tozier and I) agreed that the State appears to be in a healthy financial condition. Repeal will cost the State $5 to $8 million in annual revenues. There is a $17 million surplus. Talk of a $40 million deficit in wake of repeal is dismissed as campaign rhetoric -- scare tactics used by defenders of the property tax.

Will new taxes be proposed? In addition to Palmer, we asked four knowledgeable observers of the Augusta scene: Bill Garside, chief administrator for the Legislature and formerly its top advisor on financial matters; Don Perkins, the paper industry's authority on timberland taxation; Bob Moore, who is AIM's counsel on tax issues; and Lynwood Hand, the Company's legislative counsel.

They see at least three possible areas for business concern:

1) The Governor has been talking for months about a gross receipts tax on electricity, a device to recover the $2 1/2 million "pay-in" by Wiscasset, site of Maine Yankee's atomic power plant.

2) Repeal of the state uniform property tax eliminated an 11 1/2 mill tax on timberlands in the unorganized territory. While the area is still subject to the Local and State Government Tax at 12 1/4 mills, repeal will result in a loss of a substantial amount of revenue. There will be efforts to recapture the loss. The Governor has hinted he thinks the region is undertaxed. In addition, there will be attempts to tinker with the Tree Growth Tax Law, a method of assessing timberlands for property taxes.

3) The clamor for state assessment of industrial property continues. While repeal of the uniform property tax has eliminated one of the reasons for state assessment, the issue isn't dead.

It is unlikely the Governor would let a major tax cross his desk without a veto even if legislators pass such a bill in an election year.

Until we know how the Legislature is going to reshape the school financing distribution system and how much money is involved, there's not much that can be done.
**Penobscot Study**

The first meeting of the Penobscot River Management Plan study team was held December 8 in Bangor with representatives of the Parks & Recreation Bureau, Public Lands Bureau and LURC, all agencies of the Conservation Department, the Fish & Wildlife Department, Atlantic Sea Run Salmon Commission, J. M. Huber Corporation, Prentiss & Carlisle Company and Great Northern (Bob Hellendale, Paul Firlotte and I) taking part. Goal of the study team is to develop a plan for recreational use of the region and to also protect the natural beauty of the East and West branches of the river. Planner Tom Cieslinski reported on fact-finding projects related to the study. We challenged the lack of plans to document the value of the region's timberlands and the economic benefits generated by this resource. It was agreed that such material was needed and Great Northern would be responsible for a draft paper. Recreation, wildlife, fishing, developed sites, historic sites and natural and scenic areas will be others in this category. Land ownership, federal and state regulations, recreational use-economic impact and hydroelectric development-economic impact will be other key categories of the report.

The state agencies will propose a "mini-plan" for the area from Seboonook to Ripogenus Dam at a January meeting.

LURC Director Ken Stratton discussed the use of zoning in the planning process. He said the Protection Resource Plan Subdistrict which can be created jointly by landowners and LURC might be the best tool. A "treaty" between the State and the landowners might be needed in addition, Bob Hellendale suggested.

**Energy**

Conferees dealing with tax matters in the energy legislation tentatively agreed on a gas guzzler's tax but then recessed until next Tuesday, Jack Norman told Jerry Perkins on December 8. Norman reaffirmed the general feeling that nothing much is going to get done until the natural gas issue is settled. That means there is no progress in getting tax incentives approved for dams and hydroelectric projects.

**Budworm**

The news media had a lot to say on the subject this week. There were stories about opponents of spraying holding the first international conference in Halifax with delegates from Maine joining the Canadians. In Augusta, Conservation Commissioner Barringer considered contrasting views on how the 1978 program in Maine should be financed. John Houghton of the woodlands department supported a University of Maine professor who said approximately a third should come from the State. The Conservation Department has proposed that the state share be 6.3 per cent. Three leaders of the Maine Woodsmen's Association and Charles Fitzgerald, the Atkinson opponent of cutting in Baxter Park, showed up to oppose spraying. Don Perkins expressed concern over the fact that some of the news coverage focused on the question of whether the spraying is necessary at all. Lately the issue has been the financing question.
They Like Hydro

Senator Muskie's office this week released the results of a public opinion survey which showed 73 per cent of Maine citizens favor the construction of additional hydroelectric plants. It showed only 48 per cent in favor of the controversial Dickey-Lincoln project. Clyde MacDonald of the Senator's staff is providing us with additional information on the results of the survey.

Public Relations

Contributions were approved for the Christmas Workshop in East Millinocket, a project of high school teachers repairing toys for needy children, the Chesuncook Village Church, and the YMCA. A truck was loaned to the high school for the Christmas parade in Millinocket.....With help from Paul Firlotte, we answered questions regarding wood waste and bark burning from a reporter for the Energy User News....In Augusta, we met informally with two representatives of the 137 leasees in the Great Northern owned area of Tomhegan Township. They've got an access problem as a result of Great Northern abandoning the Rockwood-Pittston road on the west shore of Moosehead Lake....The first in a new series of advertisements developed for the Pinkham Company was placed in the Commercial Bulletin at the request of George Smith....In addition to supporting with a financial contribution the University of Maine bond issue, Great Northern also made a pledge of $350 to support the airport bond issue (which was approved)....In Millinocket, we met with a dozen local ministers at their monthly meeting. Great Northern was discussed, as well as community problems. They were unanimous in voicing concern over the alcoholism problem in the community. Al Philbrick has accepted an invitation to their next meeting....Ed Chase of woodlands represented the company in Portland on December 8 when the Boy Scouts honored Leon Gorman of L. L. Bean for distinguished service to the State. Last year the pulp and paper industry was the recipient of the award. It's a $100 a plate dinner....The editor of PIMA magazine called to update Bob Shinners' speech at the northeast regional meeting. It will be published in the February issue of the magazine.

Sincerely,

pmc/b

Paul
Mr. Robert J. Shinners  
Vice President-Operations  
Great Northern Paper Company  
Millinocket, Maine 04462

Dear Bob:

The newsletter of the public affairs department for the week ending December 16 is as follows:

**Happy Holidays?**

In Washington, there were questions on December 15 if President Carter hadn't turned into Scrooge. He talked Senate-House conferees into continuing to seek a compromise on the natural gas issue during Christmas week. That means the guys and girls who work for the conferees, the trade association people who are monitoring the conference, the lobbyists and lots of others are going to have to also work.

Chuck Wilson of API reported that there has been no progress on the tax legislation, including tax incentives.

API expected the Senate to approve and send to the White House on December 15 the amendments to the water pollution act. The amendments had the support of the paper industry.

**Organized Opposition**

There has never been any organized opposition to spraying to control the spruce budworm in Maine. The issue has been traditionally the money question -- who pays? In Eastern Canada, opponents of spraying have been grabbing headlines and space on television for a couple of years. The issue has captured the attention of the Maine press. Now sources in the State Department of Conservation say opponents are organizing to fight the Maine spray program. When an international conference was held in Halifax, N.S., by opponents of spray programs, a Maine delegation attended. The Bangor Daily News published a report on the conference by Larry Lack. The newspaper did not identify the writer but he is a leader of the Sam Ely Land Trust in Maine and publisher of the Maine Land Advocate. Representatives of the Trust have been fact-finding in preparation for opposing the spray program.
Mrs. Donna Mundy of Associated Industries of Maine on December 14 briefed a group of management people who will likely be going to Augusta during the session of the Legislature opening January 4. She talked about the growth of state government spending and its impact on the business community. Mrs. Mundy is coordinating an AIM effort to set up a grassroots legislative program. This company will continue to send management people to Augusta to get acquainted with the legislative process and explain the company's operations and positions on different issues. Every other week a man will join Hand for two or three days.

The company's concerns during the session will likely focus on the areas of taxation, the "Little Williams Act", tepee burner legislation, budworm control financing and sedimentation control (regulation of road construction and timber harvesting).

After the general session, Hand discussed his concern over the attempts he anticipates will be made to increase taxes on the timberlands of the unorganized territory. He anticipates there will also be proposals to tinker with the Tree Growth Tax Law.

Tepee Burners

Representatives of companies in the forest products industry met December 12 with Representative Frank Peltier of Houlton, the sponsor of legislation establishing standards to permit the continued operation of tepee burners in Aroostook County. Bark is disposed of in the burners. Lynwood Hand and Pat Welch covered the specifics of the bill with representatives of Milmac, Inc., Diamond International, Levesque Lumber, Pinkham Lumber and Great Northern. Support of the Northern Maine Regional Planning Commission will be sought.

The Multi-Pulps

Dan Morgan came to Maine in September to write about the problems of the Maine Woodsmen's Association. He told people that up to that time his beat for the Washington Post had been agriculture. Morgan went back home and has continued to write about the international paper companies in a series in the Post. His articles have been distributed through the Post's syndicate which serves a lot of newspapers. They've appeared in the Hartford Courant and in the Maine Sunday Telegram.

He devoted an article in the November 13 issue of the Post to industry lobbying on the state and national level. It has commanded a lot of attention in Washington where the paper industry lobbying has been traditionally overshadowed by the automakers, Big Steel and lots of others.

Jon Daniels, the American Paper Institute's attorney-engineer who has coordinated the industry effort on water pollution, showed up at a workshop with "Multipulps" on the front of a sweatshirt.
Public Relations

Fred Clough who has been assigned to work with Great Northern by AdMedia, the Augusta advertising agency, is leaving the firm on January 1. ... We agreed to donate a movie on courtroom procedures to Stearns High School (it will also be used by Schenck). ... We mailed Arthur Kaufman of Newsprint Facts a copy of the GNN quarterly report covering the No. 4 paper machine rebuild at East Millinocket.

Sincerely,

pmc/b

Distribution:

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Mr. Robert J. Shinners  
Vice President-Operations  
Great Northern Paper Company  
Millinocket, Maine 04462  

Dear Bob:  

The newsletter of the Public Affairs Department for the period ending December 22:  

**Budworm Dollars**  

Federal and state support for the budworm control program has declined. Last year 2.5 per cent of the money spent on the Maine project came from the state's general funds, 36 per cent from Washington and the remaining 62.5 per cent resulted from a special tax on owners of timberlands. Members of the staff of the Maine Congressional Delegation for some time have been cautioning that resistance has been increasing in Washington against an annual appropriation.  

This year state officials are planning a $7 million program, more than double the 1977 project.  

What's the reaction in Washington?  

"There have been a lot of questions raised. We are going to have to start all over again in building the justification. If it all adds up as it has in the past, and we reach the conclusion that spraying is necessary, I believe the Federal support will come," said the man who has coordinated efforts of the Maine Delegation in recent years. "I don't know what the Offices of Management and Budget will say," Jim Case said. "I don't know if many of the new people have ever heard of the spruce budworm."  

A lot will depend on the Maine effort, Case believes. The Delegation is likely to need the active support of Governor Longley and Commissioner Barringer.  

In the Ford administration, OMB officials were questioning an annual appropriation. Whether this was a philosophy of the bureaucrats which will carry over into the Carter regime is a question which remains to be answered. Lloyd Irland, project manager for the State Department of Conservation, is optimistic that Federal support will continue at the 36 per cent level.
MEASURING PUBLIC OPINION

Last month we reported on preliminary findings in a Northeast Markets public opinion survey on behalf of the Paper Industry Information Office. Concluded the Portland firm (based on interviews with 300 Maine residents): "...the paper industry is viewed in a positive manner by a substantial majority of Mainers." That was also true in 1974 when a previous poll was taken.

The questions and answers:

1. When you think of the major industries in Maine, which type do you think of first?
   A. Paper-pulp, 38%; wood-lumber, 14; shoes, 10; fishing, 5; potatoes, 5; tourism, 2.

2. What industry do you think does the most for the economy of the State?
   A. Paper-pulp, 33%; wood-lumber, 14; shoes, 5; tourism, 5.

3. What paper companies can you think of that have manufacturing plants in this state?
   A. 39% mentioned Great Northern, 36 Scott, 28 St. Regis, 22 International, 21 S. D. Warren, 10 Diamond (17 companies were mentioned in all).

4. In general, would you view the paper industry positively or negatively?
   A. Positive: 84%; negative: 5; combination: 7; don't know: 3.

5. About how much would you estimate the paper companies have spent over the last three years to expand their operations, exclusive of pollution control?
   A. 24% estimated $10-$49 million; 16% $100 to $500 million; 15% $50 to $99 million; 27% did not know.

6. Since the oil shortages, a conflict has developed between the anti-pollution laws and using alternative energy, such as wood, for fuel. Considering this conflict, do you think that environmental laws should be relaxed or kept strong?
   A. 54% said laws should be kept strong; 38 relaxed and 8 did not know.

7. Do you think that paper companies are paying their fair share of property taxes to the towns of Maine?
   A. Yes, 42%; no, 28; don't know, 29.

8. Do you think Maine's forest resources are being seriously depleted by over-cutting?
   A. Yes, 31%; no, 52; don't know, 17.

9. Sometimes the State takes land out of production through land use regulation and zoning. Do you feel that the State should always, sometimes or never compensate a landowner for taking a portion of his land out of production for these reasons?
   A. Always, 53%; sometimes, 26; never, 14; don't know, 5.

10. Would you favor the location of a new paper mill in your community? Respondents' reactions were:
    A. Favorable, 63%; unfavorable, 30; don't know, 6.
Congressmen involved in the conference on energy taxation will not meet again until January 19, Jack Norman of Senator Hathaway's staff said on December 22. They have concluded that there is no sense in meeting until the natural gas issue has been resolved. "Last night they thought they had an agreement on natural gas. But today colleagues refused to go along with the Senators who worked out the compromise." Norman welcomes a change of pace. He and Senator Hathaway were deeply involved in the Social Security legislation as well as in the energy conference.

**THE LEGISLATURE**

Representative Richard (Spike) Carey of Waterville, the House chairman of the Taxation Committee, says the panel is considering a proposal to make the unorganized territory a district for tax purposes. As agent for the district, the State would collect taxes for local services and school costs. Taxpayers in the unorganized territory, mostly timberlands, would be taxed like people in the cities and towns, Carey said.

With the uniform property tax repealed, the state will lose $3.6 million in revenue from the unorganized territory ($2 million of which went for schools in the region) unless the Legislature substitutes a new tax in the session opening January 4.

Attorney Donald Perkins, representing the Paper Industry Information Office, attended a December 15 meeting of the committee at which the proposal was discussed. A memorandum on the subject has been distributed. Carey, a candidate for Governor, will be campaigning in Millinocket on January 10 and will discuss this and other subjects with a management group at a luncheon.

Lynwood Hand reports that the legislative leadership is pushing for committees to quickly hold public hearings on proposed legislation. Delays in getting bills out of committee have bogged down recent sessions. Hand says he has determined that the tepee burner legislation will not be heard in the first week of the session but a hearing can be expected shortly thereafter. The Natural Resources Committee will hear the bill. Representatives of Great Northern will meet with sponsors of the "Little Williams Act" in Augusta on January 12.

This week people were waiting for Governor Longley's school financing plan.

**THE WEST BRANCH**

Municipal officials, planning board members, legislators and others who may be interested in the subject have been invited to a 7 p.m. meeting, December 28, when we will make a progress report on the two West Branch studies now underway. Paul Firlotte and I will participate.

**PUBLIC RELATIONS**

Copies of Bob Hellendale's letter to employees were sent to 200 federal and state officials, businessmen and people in the news media....An advertisement was purchased in the Wisdom High School yearbook. Wisdom is in St. Agatha....We also supported the annual safety calendar published by the Millinocket fire department....We contacted Bob Clark of
Public Relations (continued)

the State Department of Agriculture in Augusta to ask for a copy of the rules and regulations governing the new container law....We provided the Manpower Affairs Department with information on pollution abatement costs and annual spending on modernization and expansion. The department is establishing a new manpower district covering the Millinocket-East Millinocket area....Bob Cardin provided the woodlands department with new signs for logging roads asking snowmobilers to stay off plowed roads. He is also developing a draft of an advertisement along the same lines....

Proofs from the printers of John McLeod's history of Great Northern were distributed to John Staples, Bob Shinners and Bob Hellendale....Bill Bullock of Merrill Bank asked Great Northern to support the industrial development efforts of the Committee of 50 in the Bangor area. We'll recommend support.

HAPPY HOLIDAYS

Merry Christmas and a Happy New Year!

Mary Bailey
Roger Boynton
Paul McCann

pmc/b

C. H. Reed
W. A. Saucier
E. M. Schwerin
J. H. Staples
W. W. Tolley
A. J. Tozier
O. K. Tripp
R. A. Venditti
G. E. Veneman
P. H. Welch
P. F. Yacavone
Mr. Robert J. Shinners
Vice President-Operations
Great Northern Paper Company
Millinocket, Maine 04462

Dear Bob:

Reviewing the past year and previewing 1978, that's the thrust of the weekly newsletter of the Public Affairs Department which follows:

HANGOVERS

Energy...the Wild & Scenic River proposal for the upper Penobscot...a session of the Maine Legislature in which taxes may be a major issue...the spruce budworm spray program...amendments to the Federal water pollution law...tepee burners in Aroostook County...Canadians in the woods labor force.

All those were issues of 1977.

Strike amendments to the Federal water pollution law from the list when you talk about the year ahead. This was one issue laid to rest. The Congressional Quarterly says spokesmen for industry hailed the amendments as a step towards reasonableness in pollution control, but admitted some disappointments. Like most complicated legislation, the test of its reasonableness will come in its implementation.

While Congress completed work sooner then had been expected on the Clean Water Act of 1977, members bogged down on the national energy policy proposed by President Carter. Still far apart, Senate and House conferees called it quits until January 23.

In Washington, paper industry analysts anticipate solid waste (the concept of a tax on all paper made with virgin fibers as a means to stimulate recycling) will become the No. 1 issue. There is also talk that tax reform proposals may include new incentives for replanting timberlands.
Hangovers (continued)

There have been published reports that the White House will be proposing a settlement in the Indian land claims issue early in the new year. The basis, according to the newspapers, will be the proposal of Justice Gunter that the Indians be given 100,000 acres of land by the State of Maine and $25,000,000 by the Federal government. Governor Longley and Attorney General Brennan opposed giving away land. Conservation Commissioner Barringer questions why the land has to come from the State when a few big companies have so much available. The White House is obviously seeking a compromise. Tom Tureen, attorney for the Indians, has been quoted as saying he is optimistic. In Augusta, legislative leaders are considering establishing a special committee to deal with the State role.

Like the Indian claims, the proposal that the East and West Branches of the Penobscot be designated as a National Wild & Scenic River is going to involve both the State and Federal government. The U.S. Bureau of Outdoor Recreation has asked the Governor to submit a protection plan by October. Great Northern and other owners of land are cooperating with the State Conservation Department in the development of such a plan. The Company's goals are to keep open the option for further hydroelectric development, and to minimize infringements on management of the water and forest resources.

The Legislature returns to Augusta January 4 with everybody wondering what will happen in the wake of the repeal of the uniform property tax. The State doesn't have any money problems. Governor Longley says that a fat surplus means no new taxes will be needed. Still there is talk of recouping revenue which will be lost from taxes on timberlands in the unorganized territory and on Maine Yankee in Wiscasset, with guess what? New taxes.

Other items of interest in the special session will include the proposal to establish regulations permitting continued operation of tepee burners in Aroostook County, establishment of a "Little Williams Act", the expanded spruce budworm spray (it could be a problem in both Augusta and in Washington) and proposals to regulate road-building to prevent sedimentation in the woodlands of the unorganized territory.

There will be one big difference between the two years. Voters will elect a Governor, a U.S. Senator, two Congressmen and a whole new Legislature in November, 1978. Everybody agrees the big race will be Congressman Cohen's challenge of Senator Hathaway. The polls make Cohen a heavy favorite. The woods labor issue will probably be debated by the two, particularly if the U.S. Labor Department investigation produces a controversial report. Hathaway asked for the probe. The Dickey-Lincoln issue may spill over into the West Branch with comparisons of the projects. If the Governor seeks re-election, he's a shoo-in, but Longley will probably keep the politicians guessing for weeks to come.

That's all for history books and crystal balls.
HEARINGS ON JANUARY 5

Hearings on bills will commence on January 5, one day after legislators open their session in Augusta. It's part of an attempt by the leaders to speed up the pace of business.

On January 6 the Labor Committee will consider a proposal co-sponsored by Representatives Birt, McHenry and Flanagan which would eliminate the six-month waiting period for filing claims for hearing impairment under the Workmen's Compensation Law. The Maine State Labor News, the AFL-CIO newspaper, says the proposal is the result of an East Millinocket case.

The tax and government affairs committees of Associated Industries of Maine will meet before and after the Governor's talk on January 5.

PUBLIC RELATIONS

With help from Joe O'Handley, we answered questions from Frank Sleeper of the Portland newspapers on anti-trust charges filed against paper companies, including Great Northern Nekoosa. An article appeared on the front page of the Press Herald's December 23 editions...An article on the Company's logging operations will appear in the February issue of Forest Industries. Tom Wildman of woodlands edited the article for writer Bill Bryan...Senator Hathaway wrote expressing his appreciation for receiving a copy of Bob Hellendale's letter to employees...Not only did the University of Maine bond issue go down to defeat but its supporters are stuck with $3,500 in debts according to Bangor banker Bill Bullock. The bond issue's defeat is being attributed to lack of turnout of voters in Orono. It was also turned down in the towns with paper mills...I talked with Lee Schepps (Conservation Commissioner Barringer was on vacation) and State Development Director Hadley Atlass to alert them to projects under consideration by GNN and asked that they pass along word to Governor Longley. They did...Charles Craigin, one of three men seeking the Republican nomination for Governor, asked for information on the West Branch's hydropower potential. He made the request after reading the Hellendale letter to employees. Craigin opposes Dickey-Lincoln...S. Brown Milligan of Rust Engineering called at the suggestion of Hadley Atlass. He asked for a meeting with Great Northern representatives to discuss the Lincoln area study of the potential of wood being used to generate electricity. The meeting was approved by Bob Shinners, who will talk with the Rust group...The 35 mm slide preview of Great Northern has been shown 39 times with an estimated 700 viewers. Showings in the multi-purpose room of the E&R Building can be arranged by calling Rhonda Reed.

NEWS OF THE ASSOCIATIONS

Senator Hathaway will join directors of AIM for an informal discussion following their meeting on January 10. While it can be anticipated the businessmen will spend a lot of time complaining about the House-passed Labor Law Reform Bill, I hope to again thank Hathaway for supporting incentives for hydroelectric projects...At a December 16 session, directors of the Paper Industry Information Office decided to devote a day early in 1978 to factfinding on the subject of workmen's compensation. The rising cost of such insurance was discussed with directors wondering what, if anything, can be done in Maine.
Associations (continued)

A team of Washington experts headed by Tom Mitchell of Georgia-Pacific will bring members up to date on the stalemate over energy legislation when the annual meeting of PIIO is held January 13-14 in Bangor. Governor Longley has tentatively accepted an invitation to introduce an old friend, American Paper Institute President Louis Laun. Laun used to be president of a textile company in the Lewiston area and he and Longley have kept in touch over the years...

ON THE CALENDAR

January

4
Legislature convenes
Meeting, AIM Taxation Committee, Augusta
Meeting, AIM Government Affairs Committee, Augusta

6
Hearings, Labor Committee of Legislature, Augusta

10
Hearings, Taxation Committee of Legislature, Augusta
Meeting, AIM Board of Directors, Augusta

11
Hearings, Natural Resources Committee of Legislature, Augusta

12
Meeting, API Government Affairs Committee, Washington D.C.

13-14
Annual meeting, Paper Industry Information Office, Bangor

Sincerely,

[Signature]

pmc/rr

[Telephone directory cards attached]