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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 January 6:  

"A LITTLE BIT FOR EVERYBODY"  

That's how a worried candidate for Governor summed up Governor Longley's opening address to the second session of the 108th Legislature on January 4. "It was a typical political Christmas tree speech...it had a little bit for everybody," State Senator Philip Merrill of Portland was quoted as saying by reporters. Predicting a $41 million surplus by the end of the fiscal year in June, the Governor proposed a $50 rebate for every person who paid a state income tax for 1977 and a five per cent reduction in 1978. When he was elected, Longley said he would be a one-term governor. Now the Governor says he's keeping his options open.

Spokesmen for the business community differed with Merrill and others who said the speech had something for everybody. They feel all business got was lip service. "Very candidly, many feel the rebate plan and the tax reduction plan are badly needed as well as extremely important in our industrial development efforts," Longley said. "Curiously his proposals contained no tax relief for business and industry, although corporate income taxes accounted for the lion's share of the fiscal 1977 surplus," said the newsletter of Associated Industries of Maine. Hank Magnuson of the Paper Industry Information Office reported "In case the press reports cover only the prepared text, you should know that the Governor departed from that text to insert an ad lib statement to the assembled lawmakers to the effect that the 'major landowners' do not pay a fair share of taxes, adding that it is no more fair to pay ten cents more than a fair share than it is to pay less than a fair share." This statement was greeted by general applause from legislators, Lynwood Hand tells us.
At the first meeting of the new AIM Government Affairs Committee a few hours after the speech, the consensus was that the Governor would be making proposals for new taxes as well as rebates. In discussing his plan for school financing, Longley added "I feel that in fairness to all citizens of this state we should address the issues relating to nuclear generating facilities and the unorganized territory." Both the Town of Wiscasset, site of Maine's only nuclear power plant, and the timberlands of the unorganized territory were "pay-ins" under the repealed state uniform property tax. Unless new taxes are enacted by this session, the state will lose $5 million or more in revenues in the next fiscal year. Norman Temple of Central Maine said that the utility has told the Governor they'll oppose with newspaper advertising any plan which singles out the nuclear plant or its output for special taxation. "If Maine does it, we can expect retaliation from other states where nuclear plants are located in which we (Central Maine) has a share of the ownership," Temple warned. "Half of the power produced by Maine Yankee goes out of state." While Donald Perkins who represents the Paper Industry Information Office says the Taxation Committee is thinking of establishing a tax district to raise funds for education in the organized territory, nothing specific is yet in front of the Legislature. Until a bill is filed, there isn't much that can be done.

**No. 10 Project**

A news release disclosing approval by directors of Great Northern Nekoosa of a $13 million project in Millinocket and a $245 million expansion in Ashdown was distributed to the Maine news media on January 5. The story appeared in all of the daily newspapers and was carried on television and radio. We made a tape for WLBZ radio in Bangor on the subject. The story also resulted in a favorable editorial in the Lincoln News. Editor Dan Aiken wrote "The announcement yesterday of Great Northern's expansion plans for its Millinocket mill emphasizes once more, if we really need it, the importance of pulp and paper and associated forest products to the state and to this area in particular.... We would hate to imagine what living conditions here would be like if there were no Great Northern or Lincoln Pulp & Paper."

Copies were also sent to the office of the Governor, members of the Maine Congressional Delegation, state officials, legislative leaders and local legislators.

**Reviving Old Dams**

Senator Merrill, who is co-sponsor of the "Little Williams Act" supported by Great Northern, also outlined a plan this week which would permit public utilities to acquire old dams which could be developed for auxiliary electricity. The Portland Press Herald in an editorial concluded that "...since oil-fired plants, the alternative of using falling water as a source of power deserves all the encouragement it can get." Mark Woodward, a Bangor Daily News editorial writer interested in the same subject, called to ask (1) if we sell power to utilities and (2) if the GNP hydro system is regulated. He thinks it is going to take a sweeping revision of Maine laws before municipalities can get in the business of generating and selling power.
A Week Of Hearings

The second week of the Legislative session will be devoted mostly to public hearings on the 200 bills to be considered in 50 working days, more or less.

We will be following two of the hearings with interest:

Wednesday, 1:30 p.m., Natural Resources Committee, Room 122, State Office Building: Stuart Cooper, chairman of the Water and Air Improvement Committee of Associated Industries of Maine, says his group is on record as opposing legislation (L.D. 1940) which would require shift operators in treatment plants to be licensed. Cooper said at the AIM Government Affairs Committee meeting that industry spokesmen told the Board of Environmental Protection at public hearings in 1977 that it isn't practical to license all operators. "It looks like another version of the same proposal," Cooper said. The Water & Air Committee will meet at the paper industry office at 2 p.m., Tuesday, January 10, in Augusta. "The primary subject of the meeting is the question of possible legislative remedy to the problem of automatic prosecution and fines in cases of unavoidable violations of DEP discharge standards which, by law, are reported to the state by the violator," Magnuson said in a memorandum. Boise-Cascade has been pushing the idea.

Thursday, 10 a.m., Appropriations and Financial Affairs Committee, Room 228, State House: At least two portions of the State Department of Conservation budget of interest to owners of forest lands will be considered -- the spruce budworm control program and the forest service proposal for firefighting equipment. Lloyd Irland, pest control manager of the Forest Service, says that he and Commissioner Barringer are recommending that 6.3 per cent state share of the non federal money involved come from the state's general fund. But, he explained, the Budget Office is recommending only four per cent. Last year it was pegged at four per cent. Irland said four per cent in this year's expanded program would mean $200,000, 6.3 per cent would mean $300,000. (There is also $100,000 carryover from last year, he said.) Irland said that it appears the rate for the special tax on landowners would be $.70 on softwoods and $.35 on mixwoods. "That's higher than I thought it would be a few months ago," he said. Irland says he expects representatives of the Natural Resources Council and the Maine Audubon Society to testify in support of research funds. He knows of no opposition. The latest issue of the Maine Land Advocate says Larry Lack is leaving the Sam Ely Land Trust but "will monitor the spruce budworm spray program in Maine." Lack attended the Halifax conference called by opponents of spraying. The front page of the Ellsworth American on January 5 carried a story reporting "Carbaryl, the most used of all pesticides and the one used in Maine's spruce budworm program, may be the object of an Environmental Protection Agency ban as the result of allegations that it had induced teratogenicity (birth defects) in laboratory beagles."

Landowners will meet at 8:30 a.m., Thursday, at the Paper Industry Information Office prior to the hearing. They will also discuss a bill (L.D. 1984) which proposes to give the Land Use Regulation Commission authority to regulate construction and maintenance of logging roads in management districts of the unorganized territory. If approved, it could mean activities on millions of acres of timberlands will be subjected to new red tape as well as considerable new expense for the regulating agency and the owners. There is widespread pessimism that nothing can be done to prevent passage of the new law in the wake of the well-
Hearings (continued)

publicized incidents of roads washing out in the mountains of Western Maine with the debris silting prime fishing waters.

Hand says the Natural Resources Committee has scheduled L.D. 1985 for public hearing on January 18. The bill would permit the continued operation of tepee burners in Aroostook County.

**Mr. Wiggins and the Gorge**

In an editorial in the Ellsworth American on December 29, James Russell Wiggins discussed the desire of Peter Stevick of the College of the Atlantic to save Ripogenus Gorge and the West Branch for "a few 'stout-hearted' folk who wish to enjoy rafting." College of the Atlantic is located in Bar Harbor and is planning a workshop on the subject of the Gorge. The college, which was founded in 1970, says it now has a student body of 120. It has received a lot of acclaim for its solar power projects. Wiggins said "The state's hydro-electric power ought to be developed... An intelligent choice cannot be made if every hydro-electric development is the object of inflexible and dogmatic opposition to any alteration of any part of the land or waters of the state."

**Here and There**

Lee Schepps, director of the Bureau of Public Lands, and former Conservation Commissioner Donaldson Koons were interviewed on the subject of the "public lots" on the Maine Public Television Network on January 5. Interviewer Patsy Schroths (she's Russ Wiggins' daughter and a former wire service reporter) twice asked if the lots had been raped by the paper companies. First Koons and then Schepps said the timber and grass rights were sold before there was a paper industry.... Another contribution was made to People for the University, the promoters of the University bond issue. They ran up a debt in promoting the bond issue which went down to defeat.... Dues were paid in the Maine Press Association.... A news release on a promotion was distributed as well as one on the name change for Pak-well.... 35 mm color slides of the Millinocket and East Millinocket mills were provided Nekoosa.... With Al Tozier we attended a meeting of the tax committee of AIM in Augusta.... The advisory committee for the State Department of Conservation study of the Penobscot will meet in Bangor January 13.... Stories on the GNP briefing of local officials on the Penobscot study and related matters appeared in the Bangor Daily News and Katahdin.

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 January 13:

MEETING WITH GOVERNOR LONGLEY

At the request of Governor Longley, representatives of Great Northern met in Augusta with state officials on January 12. Conservation Commissioner Dick Barringer, Environmental Protection Commissioner Hank Warren, Public Lands Director Lee Schepps and Development Office Director Hadley Atlass joined the Governor for the two-hour discussion with Bob Bartlett, Bob Hellendale, Paul McCann and Bob Shinners in the cabinet room of the Capitol.

The meeting was an outgrowth of discussions between the Governor and Hellendale prior to the announcement of the Great Northern Nekoosa expansion in Arkansas.

Hellendale suggested there were two kinds of reasons for the GNN decision.

Specifically, Ashdown was built to be expanded, many of the services are in place; water supply, coal-fired boiler, etc. This expansion is 50 per cent paper related -- at the moment pulp is "a dog"; Nekoosa has a strong market position in paper.

Pertaining to the state or region, capital cost is lower in the Sunbelt because of the climate and use of non-union construction labor. For the same mill the cost in Ashdown is $175,000,000 for a turnkey job in 1978 compared with an estimate of $188,000,000 in Millinocket in 1975. With escalation at one per cent a month, the difference is enormous ($50,000,000). The cost of fuel -- coal in Arkansas is half, or less, the cost of oil in Maine. Arkansas has a minor advantage in taxes. Arkansas has a huge advantage in wood. Insofar as environmental regulations are concerned, there is no difference to
Governor Longley Meeting (continued)

speak of in water. In air pollution controls, Arkansas has the federal standard of 365 micrograms per cubic meter while Maine has 230 for sulfur dioxide.

Discussing the question of future GNN expansion in Maine, Hellendale said what's needed most of all is favorable market conditions for a product using hardwood. This may be a number of years out. (It was pointed out that this year's capital budget in Maine is $33,000,000 and that $99,000,000 has been invested in the last ten years.)

How can the State help?

"We need a rational approach to the ability of the Penobscot River to accept effluent discharges."

"We need recognition of the inconsistency of 'nondegradation' of air quality and the expansion of an industrial plant."

"We need recognition of the consequences of imposing tax and other financial burdens on companies that have plants in other states and countries. Pulp and paper are world commodities."

The Governor was provided additional information on wood costs and taxes in states where GNN has manufacturing facilities. The corporation pays $17 million in state and local taxes in Arkansas, Georgia, Maine and Wisconsin -- $11 million in Maine, or 64 per cent of the load on 45 per cent of the assets.

The Governor praised Great Northern as a good corporate citizen during the session which was preceded by lunch at the Blaine House.

SENATOR HATHAWAY'S PREDICTION

"By the end of January, I think we will have it (energy legislation) behind us, although I may be too optimistic and it could turn out to be March," Senator Hathaway told directors of Associated Industries of Maine on January 10. Hathaway believes there has been substantial progress in behind-the-scenes negotiations since Congress adjourned. Hathaway spent an hour with the AIM board, much of it listening to Scott Paper Company officials telling him what was wrong with labor reform legislation passed by the House and soon to be considered by the Senate. Hathaway started the meeting by saying he intended to vote for the bill. He also predicted a tax cut of between $20 and $30 billion but said he "doesn't think we will have much tax reform. It would take too much time. The tax cut is needed quickly."

THE OVERLOOKED TAX CUT

In his January 4 State of the State Message, Governor Longley said "we will recommend to this Legislature that we reduce state income taxes by five per cent permanently, beginning in 1978." State House observers' concluded the Governor was talking about only the "working men and women of Maine". They were wrong. So was Associated Industries of Maine's newsletter which said "curiously, his proposals contained no tax relief for business and industry....." The Governor took AIM to task for the "grossly inaccurate" report which he called "most unfair and disconcerting and disappointing to me as a person as well as Governor." The AIM staff now appreciates that if they had checked with the Governor's office, they would have been told that the five per cent reduction was proposed in both the personal and corporate income taxes.
Ronald E. Colby, assistant director of the Maine Municipal Association, has been selected as the new executive director of Associated Industries of Maine. The 35-year-old attorney lives in Farmingdale. He's been coordinating the effective MMA governmental relations program for the last two years. He will start work February 6. AIM concentrates on representing industry in the State House with taxes, air and water pollution problems and labor issues, such as, workmen's compensation insurance and unemployment compensation as top priority matters.

The Appropriations Committee on January 12 considered the Conservation Department's proposal for a $7.2 million spruce budworm spray program. Commissioner Barringer and his staff exasperated the committee at the beginning by being unable to answer simple questions on the mathematics of the dollars involved. Barringer apologized. The Commissioner afterwards blamed it on the failure of a legislative staffer to show up as he had promised. Bob Bartlett testified, supporting University of Maine Professor David Field's findings that the proposed level of state financial support should be higher. Two environmental groups reluctantly joined in supporting the necessity for spraying. Charles Fitzgerald, the manufacturer of wooden toys who has been involved in the Baxter Park fire controversy, told the committee that the paper companies could afford to spray on their own. Lynwood Hand and Donald Perkins of the paper industry lobby expect eventual approval of a spray program. The state share of the cost is the $100,000 question with Barringer calling for an increase over the Governor's recommendation.

Other hearings of the week saw paper industry pollution control specialists oppose on January 11 a proposal that all operators of treatment plants be licensed. Paper industry lobbyists feel that the Natural Resources Committee sees the proposal as unnecessary. Licenses already hold companies responsible for legal operation of the plants. Another hearing saw leaders of the Maine Woodsmen's Association air their grievances. They called the Tree Growth Tax Law a "subsidy" for the paper industry. The industry supported a change which will permit using the latest data available.

In the week ahead, Great Northern will support a bill to permit tepee burners in Aroostook County. Tom Pinkham will testify. We've been consulting with other companies soliciting their support. Hellendale talked with Natural Resources Committee Chairman Trotzky on the bill while in Augusta last week. The hearing will be at 1:30 p.m., Wednesday, in Room 122 of the State House.

Arnold Nemirow and John Godfrey joined Hellendale at another meeting with Senator Philip Merrill of Portland, sponsor of the bill which would regulate takeover of corporations such as GNN. The bill hasn't been printed and no date set for hearing as yet. Joe O'Handley has been contacting companies incorporated in Maine which might be interested in supporting the bill.

Arthur Dentremont joined Lynwood Hand in Augusta for a day to get acquainted with state government. He attended committee hearings and talked with legislators.
PIIO ANNUAL MEETING

The annual meeting of the Paper Industry Information Office turned out to be longer than expected. A snowstorm marooned most of the over 100 who attended the January 13-14 sessions in Bangor. Erland Sleight, manager of the Diamond International mill in Old Town, is the new president of the office.

DEP Commissioner Warren Saturday morning said that 1978 will be a year to mark time on the water pollution front. The commissioner indicated there may be problems ahead in the field of air pollution control, particularly for Great Northern. The day before a Federal official bluntly warned industry to expect a big push for conversion of industrial boilers to coal. Louis Laun of the American Paper Institute was the keynote speaker. The API president was introduced by Governor Longley.

Hellendale, Shinners, Paul Firlotte, Jerry Perkins, Al Tozier and I attended from Great Northern.

PUBLIC RELATIONS

News of the death of a Great Northern woodcutter in an accident in the West Branch region was distributed to WMKR, the Bangor Daily News and the Katahdin Times by Mary Bailey. Will Mies of Pulp and Paper magazine, was provided a copy of the news release on the No. 10 paper machine project. We provided additional data on recreational use of the West Branch for Tom Cieslinski of the State Bureau of Parks and Recreation. I told Maryanne Lagasse of the Bangor Daily News that rumors of a fiberboard plant probably were the result of a study and that there has been nothing new developed insofar as the mineral exploration on company land in Aroostook. Bob Tate of Paper Trade Journal also called with questions regarding the Millinocket expansion and we sent him a copy of the news release. Contributions were made to the Eagle Lake Recreation Department by the Pinkham Company and by Great Northern to assist with the Stearns High School chorus trip to New York. Dues were paid in the Paper Industry Information Office.

Sincerely,

[Signature]

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 January 20:  

**SAVING TEPEE BURNERS**  

"On Wednesday at 1:30 p.m. in Room 122 of the State Office Building the Committee on Natural Resources will hear a bill that would increase the amount of smoke, dust and dirt allowed in Maine air....Maine requirements have traditionally been more stringent than the federal on the theory that Maine air should not be allowed to be degraded to the standards of large metropolitan areas."  

---Maine Sunday Telegram, January 13

Spokesmen for environmental organizations braved a snowstorm to show up for the hearing, prepared to wage an all-out fight to save the state's clean air. After reading an amendment offered by the sponsor, they discovered the speeches they had prepared no longer fitted the issue. The amendment eliminated the controversial section which would have reduced the state's ambient air quality standards. All that was left to debate was the question: Will Maine permit sawmills to dispose of bark and wood waste in tepee burners, if the burners meet the standards?

The revised version of L.D. 1985 was drafted the day before the hearing by Attorney Dan Boxer after a meeting with Pat Welch and Vic Mattson. If passed, it will permit the state to license tepee burners on a case by case basis providing monitoring demonstrates air quality standards are not violated. The incinerators will be permitted to emit particulate air contaminants not to exceed 0.3 grain per cubic foot of dry flue gas during any continuous two-hour period. That's more realistic than the present regulations. Also the bill proposes allowing a number 2 on the Ringelmann Chart instead of a number 1, with an exemption for three minutes of each hour.
Tepee Burners (continued)

Barbara Reed Alexander of the Maine League of Women Voters told the committee they still opposed the bill despite the amendment. Mrs. Alexander is the young lawyer who took on St. Regis and International paper companies when they sought revised air licenses before recent expansions. After she finished speaking, Representative Donald Hall said with a smile: "Barbara, I don't know if you earned your money today." Marshall Burk of the Maine Lung Association said he had come prepared to speak but wasn't going to do so now that the amendment had been offered. Like Mrs. Alexander, Edward Lee Rogers of the Natural Resources Council still had doubts. Representative Dexter, a woods contractor from western Maine, suggested to Rogers that "one cigarette would probably hurt a person more than the tepee burners." Representative Hall told Rogers about his grandmother who enjoyed a long life in the days when all people burned was wood.

Proponents were led by Don Tardie of Levesque Lumber. The young forester told the committee that the burners are needed while the technology is being sought which will permit small sawmills to generate power with the bark and wood waste. In fact, Tardie said even the amendment does not go far enough in making sense out of the state law. Burners should be exempt for an hour to start up and an hour for "burn down". Tom Pinkham followed. The general manager of the Pinkham Lumber Company strongly supported Tardie's proposals. He told the committee that a Pinkham burner had been closed by federal order January 1. He said the incinerator is still needed from time to time for disposing of shavings. Piles of shavings, he said, can be a fire hazard in the summer months. "I never heard complaints from any one in the 13 years the burner was operated," he said. Jim Barresi of the Northern Maine Planning Commission described his agency's continuing efforts to find the technology needed to permit power generation by the small mills. "We need time to do the experimenting and while we do we need to keep people working," he said. Pat Welch of Great Northern told the committee that approval of the amendment is going to require considerable additional spending for air monitoring and also for rebuilding the burners to improve their efficiency. Ronald Mallet of Diamond International said that the Houlton chip plant is a marginal operation and would require a $500,000 investment in a boiler if the law isn't changed. If the Legislature doesn't act, the Milmac plant in Houlton will probably close and 30 jobs be lost, Harold Harding said. Shirley Nason of Portage, a member of the board of selectmen, said there had been no complaints about the burner in her community. James McAlphine agreed. Harold Spinney did, too, and cited the increases in recreational values in an area where such burners operate.

Dave Tudor of the Department of Environmental Protection wasn't against the bill (he wasn't in favor of it either), but said he hopes that the "four billion btus" lost per day in the Aroostook burners would soon be put to better use. In answer to a question, he said he was not sure if tepees could be engineered to meet the proposed standard. If the bill is passed, Tudor promised a good faith state effort to get federal approval. State money is short, he said, and there will have to be industry cooperation. The day before Pat Welch had told DEP Commissioner Henry Warren that Great Northern would help out. Warren incidentally threw away a nine page speech of opposition.
Tepee Burners (continued)

Lynwood Hand, Great Northern's legislative counsel, is hopeful that the Natural Resources Committee will quickly report out the bill. Members favor providing exemptions for start up and burn down periods.

The issue was covered in stories in Aroostook weekly newspapers and in the Aroostook edition of the Bangor News before the hearing. Portland Press Herald reporter Bob Cummings attended the hearing but did not write a story for the next day's editions.

"NOTHING YET, JUST TALK"

That's how Jack Norman summed up the picture January 19 in Washington as Congress reconvened. Norman, Senator Hathaway's assistant who deals with tax and financial matters, said reports of an agreement on the natural gas issue are widespread. "But there are no meetings scheduled and no indication of when meetings will be scheduled for the conferees dealing with energy tax matters," he said. The year ahead is going to be a busy one for Hathaway and Norman. "We've got to act quickly on the tax cut once the President's proposal gets up to the Hill," he said. "Some people are saying that if we don't get agreement on the energy program by the first of March, the whole thing will have to be shelved for 1978 to permit other business. With elections scheduled in November, people will be wanting to leave Washington by the first of October."

MORE HEARINGS TO COME

Four proposals from a special committee which studied the administration of the state's workmen's compensation laws will be considered January 26 by the Labor Committee of the Legislature. Associated Industries of Maine will support the bills aimed at making the Industrial Accident Commission more efficient. The workmen's compensation committee of the association will meet at 3 p.m. January 24 in the AIM office to consider strategy for the hearings. That's the only hearing of interest in the week ahead.

The following week the Natural Resources Committee has scheduled a hearing at 1:30 p.m. February 1 on the proposal to give the Land Use Regulation Commission jurisdiction over all logging roads. If passed, it means LURC would for the first time be given authority in management districts. Bob Barlett and his colleagues fear more regulation would follow. Woodland managers will meet at 9:30 a.m. January 25 at the Oblate Retreat in Augusta to consider opposing the legislation (L.D. 1984).

Although nothing is definite, Bob Moore says that a hearing on L.D. 2056 (the Maine Corporation Takeover Bid Disclosure Law) may come as early as February 1 or 2. Phil Paul reports that the bill was endorsed this week by the State Chamber of Commerce.

Bills which have been printed include Governor Longley's proposal for state valuation of industrial property with a value of over $10 million.

The Governor's budget calls for $138,000 to hire eight people to administer the state level assessment program.
ELSEWHERE

I neglected to mention in last week's newsletter that Dave Pollard, the former St. Regis manager in Bucksport who used to work for Great Northern, was an honored guest at the Paper Industry Information Office annual meeting and presented an award. Dave was a founder of PIIO. He has accepted a job with Penntech in Johnsonburg, Pa....The Maine Forest Products Council is considering hiring former Representative Doug Smith of Dover-Foxcroft as a lobbyist....Headlines of the week included one from the Bangor Daily News on a story that the U.S. Attorney has been asked to investigate price-fixing charges against Great Northern. It is an aftermath of the state investigation which ended with a consent decree last month. Maine's two senators (Muskie and Hathaway) are supporting the Labor Law Reform Act which is being vigorously opposed by the paper industry....Senator Pray has told several Great Northern executives that if AIM doesn't drop its opposition to L.D. 1913, the House of Representatives may balk at approving funds for the spruce budworm spray program. The bill concerns occupational deafness claims and originated in East Millinocket. Lynwood Hand discounts the possibility of such retaliation....An advertisement for industrial editions of Maine newspapers was approved. It will be published in papers in Portland, Bangor, Lewiston, Augusta and Waterville.

PUBLIC RELATIONS

Roger Boynton traveled to Buffalo with representatives of the sales department to show the 35 mm slide show on Great Northern. As we write, he is snowbound....A snowmobile safety advertisement is being published in weekly newspapers in Madawaska, Caribou, Presque Isle, Houlton, Lincoln, Dover-Foxcroft and Millinocket. A copy is attached....Dennis Mills of the Bangor Daily News is preparing an article or articles on mining in Maine and the potential for more mining in the future. He asked for information on how Great Northern permits exploration on its timberlands. We requested Jerry Perkins to provide Mills with the information....Joe O'Handley, Pat Welch and I all talked with Jay Higgins who wrote a story on the tepee burner issue....A copy of a new Pinkham Lumber Company brochure is included with this mailing. A new portable exhibit (four cubes) is on display in the lobby of the engineering and research building in Millinocket. We're soliciting comments on how it can be improved. It'll probably be on display at the GNN annual meeting....During the week we spent time on the telephone with members of the staff and with Executive Director Jim Barresi of the Northern Maine Regional Planning Commission. As a result, he testified in Augusta on the tepee burner bill....At the request of Arthur Johnson, Bob Hellendale has agreed to speak at the annual Governor's Conference on Economic Development. He will be on a panel with Jack Daigle of Casco Bank and Jim Moody of Hannaford Brothers. It will be held March 29 in Orono.

Sincerely,

[Signature]

pmc/b
Enclosures (2)
Dear Bob:

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

**THE LEGISLATURE: AT-A-GLANCE**

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Millinocket, Maine 04462.  (207) 723-5131 Ext. 228
Representatives of the forest industries (including Great Northern) will oppose on February 1 the proposal to give the Land Use Regulation Commission control over all logging roads in the unorganized territory. The Natural Resources Committee will hold a hearing at 1 p.m. in Room 122 on L.D. 1984 which is sponsored by Representative Blodgett of Waldoboro, House chairman of the committee.

The bill is the result of a road washing out in the mountains of Western Maine and creating a threat to one of the state's most famous fishing areas, as well as a few other such incidents. Big Ed Sprague who crusaded for the return of the grass and timber rights on public lots is now leading the clamor to expand LURC's authority. Staff members of the Land Use Regulation Commission and the State Department of Environmental Protection have been promoting the legislation. In a recent informal session with legislators, DEP Commissioner Warren said the "greatest environmental problems facing the State at the present time were erosion and groundwater control." Slides of the washout in the Little Kennebago Stream area were shown the legislators.

If approved, legislators will accept a double standard. In the unorganized territory, there will be controls. In the other half of the state, there will be no controls. Studies have found no need for legislation at this time. A sweeping statewide 208 study (that's the section of the Federal pollution law covering non-point pollution) is now in progress. Legislators will be told that this study indicates "forestry operations, including roads, are an insignificant factor in sedimentation and erosion." Major companies have road-building standards. Again the burden will be put on the "little guys" and the taxpayers who will have to shoulder the bulk of the additional costs. From a Great Northern point of view the major reason for opposing the bill is the precedent it sets -- opening up millions of acres of timberlands to LURC red tape. When the Commission was created, sponsors said it was necessary to block development and not intended to interfere with the traditional timber harvesting operations.

Other items of interest:

Spruce budworm -- A hearing will be held February 3 on a Conservation Department proposal to reduce the Spruce-Fir Protection District by 114 towns. Industry will question "the political, rather than good forestry reasons" for the change. The financing proposal is still in committee.

Taxation -- The Legislative Committee on Taxation has completed a draft of a bill to be printed in the near future which takes the basic approach suggested by the major landowners. The timberlands will be taxed on the basis of services provided. State House observers say the Governor's tax program is dead because of Democratic opposition. No dates have been set for hearings on bills calling for state valuation of individual properties assessed at over $10 million. Bob Moore, the AIM attorney who deals with tax matters says industry faces a stiff fight to again convince the Legislature that state assessing isn't a fair approach.
Augusta Scene (continued)

Workmen's Compensation -- Four bills to improve the efficiency of the state program had labor and industry support at a public hearing on January 26. The Labor Committee will hear a national health expert discuss occupational deafness at a February 1 meeting. Industry is bringing him to Maine to try and block passage of precedent-setting legislation providing payment for partial deafness.

Dams -- A public hearing will be held January 31 on a proposal to strengthen the state's system of dam inspections.

It was announced Friday that the public hearing on the Little Williams Act will be held at 9 a.m., February 10, in Room 135 of the State House.

Phil Paul spent two days with Lynwood Hand in Augusta under the GNP legislative program.

Savings in Workmen's Compensation

A request for rate increases averaging 36.3 per cent in workmen's compensation insurance rates has been turned down. State Insurance Superintendent Frank M. Hogerty Jr. on January 27, however, did recommend that the insurance industry file for an average rate increase of 20.9 per cent and indicated he would approve such an increase. "It's a clear cut victory with tangible savings," Hank Magnuson of the Paper Industry Information Office reported. The paper industry hired Attorney Donald Perkins to probe the 36.3 per cent request and he has been the most active of representatives of the few companies and associations which opposed the increase.

Information obtained by Associated Industries of Maine indicates the State Insurance Department believes a 20.9 per cent increase would be broken down proportional to the previous proposal. If that's the case, the 30% for manufacturing would be reduced to 17.3%.

Tom Flanagan says the estimated deposit premium for workmen's compensation for Great Northern in 1978 at present rates will be $1,813,000. If 17.3 per cent is approved, it would be $2,127,000 -- an increase of $313,000. If the original proposal had been approved in the range of 30 per cent, the increase would have been over $540,000.

Another area of concern has been the plight of independent contractors who supply the Company with wood. In addition to the breakdown on manufacturing rates, the insurance department told AIM that the original "all others" proposal would be reduced from 46.2 per cent to 26.6 per cent if the same formula is used.

The rising costs of the insurance in Maine has Governor Longley very concerned. This state's generous benefits (as good as any in the country) contribute to the costs. Statistics recently developed by the GNP insurance department show that the cost per $100 of payroll at manual rates of such insurance in Maine was $4,399 in 1977 compared with $2,337 in Arkansas, $1.781 in Georgia and $1.425 in Wisconsin. A special AIM committee is preparing cost-saving recommendations for the Governor. The paper industry's Perkins has already asked the insurance department for information on future filings. A PIIO seminar is also planned on the subject -- a day long session aimed at providing a better understanding
Workmen's Compensation (continued)

of the escalating costs and exploring how other states are saving money with more efficient programs. Only the Legislature can cut the substantial costs of the benefits and in an election year no one is talking in that vein.

STAMFORD PROGRAM

The Great Northern Paper Company color slide presentation was shown at the quarterly management information meeting in Stamford on January 24. I also discussed issues likely to face the company in the year ahead.

PENOBSCOT STUDY

Students from the College of the Atlantic in Bar Harbor who are digging into proposals to build another dam on the West Branch will visit Millinocket on February 3. With Paul Firlotte and Bart Harvey, we will discuss the issues and the region. The students will also visit Ripogenus and see the potential dam sites. The study team involved in the State Department of Conservation project will meet February 7 in Bangor.

PUBLIC RELATIONS

A redesigned "Pulpwood Pete" kit is enclosed. "Pulpwood Pete" has been around for a long time as an educational piece for teachers and students. The new version designed by Ad-Media of Augusta permits mailing in a standard envelope, includes a text covering the Company and provides up-to-date paper samples. The woodlands department garage, engineering services and inspection & certification all helped with assembling the materials... The 1978 community relations advertising piece for Maine daily newspapers is also attached. It was put together by Ad-Media.... Paul Firlotte answered questions on energy in a telephone talk with a reporter for New Englander magazine. It is a regional business publication.... Bob Bartlett is writing a rebuttal to an editorial which appeared in the Augusta newspaper and called for an end to the spruce budworm spraying program. It will be mailed with the hope the rebuttal will appear in mid-week editions while legislators are in town.... With Charles Nelson and Fred Morrison, we met with five representatives of Tomhegan leasees. Great Northern will maintain five miles of road in 1978 to permit them to reach their camps. The Company will consider cooperating with them in seeking county maintenance of the road in the future. Fred will make the recommendations to management.

Sincerely,

pmc/b
Enclosures
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:

**THE LEGISLATURE: AT-A-GLANCE**

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<td>Natural Resources</td>
<td>Hearing Feb. 1</td>
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<td>1985</td>
<td>Establishes rules for operation of tepee burners</td>
<td>Natural Resources</td>
<td>Hearing Jan. 16, Committee: Yes, 12-0</td>
<td>Preliminary approval in House &amp; Senate</td>
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<td>Appropriations, including spruce budworm funds</td>
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<td>2117</td>
<td>Unorganized territory taxation</td>
<td>Taxation</td>
<td>No hearing scheduled</td>
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**SETTLEMENT?**

Since early 1976 the claims of two Maine Indian tribes have been in the news. Rumors of a possible settlement were heard in Augusta and in Washington on February 1 and 2. Those rumors became front page stories in the Maine press. Headlines included:

Carter Proposal Near on Indian Land Suit  
---February 3, Portland Press Herald

D.C. May Drop Insistence On Land To Tribes  
---February 4, Bangor Daily News

John Day, who covers Washington for the News, said unconfirmed reports were that the federal government has dropped its insistence that Maine give publicly owned land to the tribes. Instead the State would be asked to make a lump sum payment or approve a bond issue for the tribes in addition to a $25 million federal grant. Last year a representative of President Carter had suggested the Indians get 100,000 acres of land in addition to the $25 million. From a Great Northern point of view, the significant paragraph said:

"The Indians presumably would use money from a proposed state bond issue and the federal $25 million payment to buy land, if they choose, instead of having it turned over to them by the state."

Governor Longley and Attorney General Brennan have vigorously opposed giving land to the Indians.

President Carter is scheduled to visit Bangor in the heart of the Indian land claim country February 17. The Washington rumor mill includes the persistent report that the "settlement" will be announced prior to the President's visit.

**COMING UP IN AUGUSTA**

Two hearings of interest are scheduled by legislative committees in the week beginning February 6.

The Taxation Committee will consider on February 8 two proposals for state-level valuation of industrial properties assessed at over $10 million. In Maine, that's mostly paper mills. The concept has the Governor's support. Associated Industries of Maine will oppose the idea with President Galen Cole planning to speak. Al Tozier and I will attend a meeting of the AIM Tax Committee on February 8 and the hearings on the legislation in the afternoon. The Maine Municipal Association is opposing having the state impose valuations on towns and cities. With the MMA as an ally, there is new hope in the industrial lobby that the bills will be rejected by the Legislature.

On February 10, the Business Legislation Committee will hear a bill which will establish state procedures for regulating attempts to take over corporations such as Great Northern Nekoosa. John Godfrey and Arnold Nemirow will represent Great Northern at the hearing. The bill has the support of both AIM and the State Chamber of Commerce.
Usually the Natural Resources Committee of the Legislature meets in a room on the first floor of the State Office Building. The Committee rescheduled the hearing on February 1 on L.D. 1984 for one of the largest meeting rooms in the capitol complex. Still there was an overflow crowd. The proposal to expand the jurisdiction of the Land Use Regulation Commission to roads in millions of acres of timberlands stirred up lots of opposition. Mike Robinson of Robinson Timberlands and the Sherman Lumber Company found the number of the legislation, 1984, symbolic. Robinson said that fact reminded him that that the Orwellian doomsday was close at hand and he did not want "Big Brother LURCing over my shoulder." Rodney Preble, a Sebec logger, said that on his way to Augusta he had witnessed a town plow pushing snow full of sand and salt into a river at Dover-Foxcroft. "They would never let me get away with that," he told the Committee. Two dozen men opposed the bill in a hearing that lasted three hours. There were representatives of paper companies (including Bart Harvey of Great Northern), wood dealers, woodlot owners, sawmill operators, logging contractors and legislators. Industrial foresters told the legislators that it is premature to take such action because studies are incomplete and a need hasn't been documented. They also argued that it was unfair to impose such regulations on only one-half the state. Representative McBrearty of Perham compared the "cleanest waters in the world" in the unorganized territory with a river in organized parts of the state so dirty that "with a good pair of snowshoes, you could walk across it."

If approved, L.D. 1984 would give LURC the authority to establish standards for road construction in the entire ten million acres of the unorganized territory. LURC now is limited to controlling roads in so-called protection districts, areas close to waterways, or wetlands or in deeryards--20 per cent of the unorganized territory. Standards probably would be imposed and permits or other procedures established to inform LURC of all construction. It would also open up the commercial timberlands or management districts to LURC red tape -- something which the people who passed the law promised wouldn't happen. All the creators of LURC wanted to do was control development.

In addition to the sponsor, Representative Blodgett of Waldoboro, five others spoke in favor of the bill. LURC Executive Director Stratton told the committee that there "is a problem" and that the Commission would require no additional staff or money to administer the legislation. Stratton said that there may be erosion problems in one of every four woods operations. Spokesmen for the Sportsman's Alliance of Maine, the Natural Resources Council and the Inland Fisheries and Wildlife Department also supported the proposal. Ed Sprague of Eustis said there's no state law to regulate sedimentation -- "there's no mention of it anywhere in the statutes."

Brown Company Woodlands Manager John Bork said that a widely-publicized washout of a road on Brown lands probably was the biggest single reason why L.D. 1984 was before the Legislature. He contradicted Sprague and others who implied there's no laws regulation such incidents. "We've agreed to pay a $10,000 fine and we have had to rehabilitate the site at considerable expense," Bork said. He said the adverse publicity has left Brown operating under a cloud of suspicion. "The state is far from defenseless," Bork said.

After the hearing, Senate Chairman Trotzky said "this bill isn't going anywhere." Lynwood Hand, Great Northern's lobbyist, thinks that a majority of the committee members agree with Trotzky.
Spruce Budworm

John Walker, the soft-spoken director of the Bureau of Forestry in a department dominated by Conservation Commissioner Barringer, made some telephone calls on January 30 to let people know what he was going to say the next day in Bangor. He told a civic club that the State will halt spraying to control the spruce budworm after 1981. Maine Times in its February 3 edition called it a "dramatic shift". Maybe so, but it didn't really surprise people who have been listening to key officials in the Conservation Department (and the Governor). There hasn't been much enthusiasm for spraying. Unfortunately the state's indecisiveness jeopardizes Federal support.

In a letter to the editor of the Daily Kennebec Journal in Augusta published February 1, Bob Bartlett summed up why Great Northern feels it's necessary to spray:

"...Unchecked, the budworm could reduce Maine's spruce/fir forest to a fraction of its present base in several years. That could lead to the collapse of the state's economy. Spraying is the only tool we now have to keep the trees alive in the short run until the means are found to save them in the long run."

On February 3, owners of forest lands opposed a State Department of Conservation proposal to the Legislature to reduce the area protected by spraying. The State wants to draw new lines for the protection district deleting coastal and mountain areas. The Natural Resources Committee which is considering the bill isn't expected to go along with the proposal covering 114 townships but may exclude some coastal towns.

Elsewhere

Lynwood Hand reports the tepee burner bill approved in the Senate without opposition on February 2 and sent to the House for final approval. There's been no opposition voiced on the floor of either house. Great Northern's letter explaining that it will pay for monitoring required to comply with the law was read into the Senate record....Working with Lynwood, Paul Firlotte convinced members of the Public Utilities Commission at a January 31 hearing in Augusta that dams inspected by the Federal agencies should be exempt from state inspections. He supported a proposal for a stronger program of state inspections....Five students from College of the Atlantic in Bar Harbor spent most of February 3 with Paul Firlotte, Bart Harvey and I discussing the West Branch watershed, Great Northern and the potential for further hydroelectric power development. They are engaged in a workshop project designed to measure the benefits from hydropower versus those from recreation....We agreed to public service advertisements in the Katahdin Times and on WMRK to promote the Red Cross blood drive of Stearns High School students....Advertisements were placed in the St. John Valley Times (100th anniversary of the University of Maine at Fort Kent) and in a conservation section of the Houlton Pioneer Times....Great Northern joined the Bangor Action Committee of 50, a regional economic development group.

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 February 12:

"WONDER AND RAGE"

That was the reaction -- as summed up in a Portland newspaper headline -- to the White House plan for settling the Indian land claims. Terms of the proposal were leaked in Washington on February 9 and the story dominated the front pages of the Maine press for the next two days. It was even worth page one in the Washington Post. The White House sent Eliot R. Cutler, the Bangor native who is now associate director of the Office of Budget and Management and one of the three members of the Indians claims task force, to Maine to make the official announcement. He briefed the Governor and legislative leaders on February 9 and outlined the plan at a State House news conference on February 10. He confirmed that the Penobscot and Passamaquoddy tribes would accept:

1. $30 million from the Federal government for giving up claims against 9.2 million acres held by small private landowners;

2) $1.7 million a year (the current level of state support for Indians) for 15 years for giving up claims against 350,000 acres of public lands; and

3) 300,000 acres of land at $5 per acre from 14 landowners who own over 50,000 acres and 200,000 acres more from the same group at full market price for giving up claims to 3.5 million acres. (Broken down on the basis of land owned in the claims area, it would mean Great Northern would have to contribute 99,000 acres of the first 300,000 acres.)
Just before Cutler made the announcement in Augusta, representatives of Great Northern and other paper companies were briefed at the White House. Bob Hellendale, speaking on behalf of all those at the meeting, said he was "shocked" both by the proposal and by the manner in which it was presented. It was, he said, a sweeping rewrite of the proposal by Justice Gunter which absolved private landowners of any responsibility in the issue. (Copies of clippings covering his statements are attached.) His remarks were page one news in the Bangor and Portland newspapers the following day and repeated frequently over the weekend on radio and television news. The weekend broadcasts focused on his statement that the Company would go to court before giving up 99,000 acres.

In Augusta, Attorney General Brennan branded the recommendation "irresponsible and indefensible". The Governor said the Attorney General and the Maine Congressional Delegation had been treated "very shabbily" because they were not asked to comment on the proposals before they were released. Legislators were surprised, with many treating the proposals as "foolishness" according to observers. But some of the liberals were cautioning that this might be a good deal for the state. A special liaison committee headed by Senator Sam Collins of Rockland and Democratic Majority Leader Jim Tierney has been established to handle Indian matters. Counsel for the committee is Harrison Richardson who as a senator was the sponsor of the Grand Plantations Act.

With President Carter scheduled to visit Bangor this week to plug for the reelection of Democratic Senator Bill Hathaway, the announcement also became fodder for the campaign. Wrote Kent Ward of the Bangor Daily News:

"...what can President Carter do for an encore to help Hathaway in Bangor, Maine, after he has just told the native that he sure would like to give away half of their little old state and enough tax dollars to buy Saudi Arabia?"

Reaction from the Delegation was mixed. Senator Muskie said it should be considered only as an "offer" which the state and major landowners are free to accept or reject. Senator Hathaway said that Congress would probably provide the $30 million, if the White House supports the proposal. Congressman Cohen, Hathaway's opponent, told television viewers he can't buy the procedures under which the plan was worked out -- agreeing with the Governor. Congressman Emery blasted the ideas in the plan.

In this election year, it's inevitable that anything involving government is going to get dragged into the political arena.

In the Maine Sunday Telegram of February 12, reporter Bob Cummings wrote that "the compromise shifts the burdens of the Indian land claims to the Federal taxpayer and the large Maine landowners, leaving the state, the individual homeowner, small woodlot owners and business out of the controversy altogether. Some see this as unfair. If the paper companies are forced to either pay up or be sued, everyone should be forced to pay up or be sued, it is argued."

While I was in Augusta and Washington, Mary Bailey handled calls from the Associated Press, United Press International, the Bangor Daily News and others. She told them the Company would have a statement after the Washington briefing. In Washington on February 10, Bob Hellendale talked with John Day of the Bangor paper and Knight Kiplinger who covers Washington for the Portland papers. A newspaper release drafted in Washington was telephoned to Millinocket and distributed to managers, WMKR and the local press.
### The Legislature—At-A-Glance

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<td>Taxation Hearing Feb. 15</td>
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The focus of attention in Augusta during the week was on two hearings:

On February 8, the Taxation Committee considered two proposals which would provide for state-level assessing of industrial properties valued at over $10 million. Led by Galen Cole, president of Associated Industries of Maine, opponents turned the hearing into a marathon which lasted into the cocktail hour in Augusta. Even some of the co-sponsors of one bill or the other questioned the expense of the new bureaucracy which must be established to get the job done. Town Manager Bill Ayoob of Millinocket was one of several managers who opposed mandating state control over industrial property valuations. Robert Patten of Patten Associates, a Maine firm, said there is plenty of talent available to assess industrial property and no need for more state interference in local affairs. Lynwood Hand, Bob Moore and others in the lobby feel that the big turnout convinced the Committee that the time isn't ripe for such a program. The committee is split, however, and there may be a floor fight in the House over the proposal.

John Godfrey was one of several witnesses who spoke in favor of creating a Maine Corporation Takeover Bid Disclosure Law at a hearing on February 10. Moore, the Associated Industries of Maine lobbyist who has been quarterbacking this legislation, says another draft of the bill must be completed and it will permit time to answer questions from the Business Legislation Committee and satisfy people that no additional funding is needed by the state agency which will administer the law.

On other issues (logging roads, tepee burners and taxation) there were no new developments. The Taxation Committee will hear a proposal to create a new tax district in the unorganized territory at a February 15 hearing.
THE BUDWORM DEBATE

"The time has come for the state to get out of the massive 'spraying-as-usual' programs, and to force private landowners to change directions in the longrunning battle against the hardy budworm."
---Portland Evening Express, February 8

"Maine's decision to phase out state spruce budworm spraying by 1981 is sound. Meanwhile, the state government's efforts to find a suitable alternative to the use of pesticides ought to be greatly increased."
---Ellsworth American, February 9

"The end of a massive budworm spraying could mean a new beginning for the Maine forest -- the end of a perpetual, man-managed crisis and the beginning of an era when proper management will provide a more bountiful harvest and a healthier forest environment."
---Bangor Daily News, February 7

Although some conceded there was risk involved, most Maine newspapers supported the State Department of Conservation decision to recommend a halt to spraying to control the spruce budworm. The announcement has created short and long-range problems. Bob Bartlett and his colleagues in other companies met with Commissioner Barringer in Augusta on February 10 in an attempt to thrash out some of the complications. Lynwood Hand and Bartlett attended a work session of the Natural Resources Committee the following day on a bill to compress the spray area. There were fears of new constraints because of the publicity over health hazards associated with spraying. It appears now the Committee will make no major changes in the program, Hand reports.

AIR POLLUTION: TWO VERSIONS

Both the Portland Press Herald and the Bangor Daily News reported that the Board of Environmental Protection on February 8 turned over to the Attorney General reports of eight violations of air pollution laws by Great Northern in Millinocket. The story in the Portland papers also explained the potential threat of sulfur dioxide to public health. The Bangor story quoted Environmental Protection Commissioner Henry Warren as saying "Great Northern has always been cooperative in matters like this and was better to work with than some other companies."

ELSEWHERE

Dues were paid in the New England Council....Contributions were made to the Heart Fund and the Muscular Dystrophy campaign....Funds were provided for two youths from the Millinocket area to attend Boys State sponsored by the American Legion....The Company will co-sponsor a special tournament edition of the Katahdin Times....The Company also will again make it possible for several boys and girls to attend the Bryant Pond Conservation Camp....Charles Cragin, one of three Republican candidates for Governor, toured the Millinocket mill on February 8 and chatted with Bob Shinners. The young Portland attorney is making his first bid for political office. He has been a lobbyist....The second meeting of the Penobscot study team was called off because of the storm. No new date has been set.

Sincerely,

Paul

pmc/b
Plan shocks big landowners

GNP official says firm forced to reject it

By John S. Day
NEWS Washington Bureau

WASHINGTON — Representatives of the state's major timberland companies said Friday that they are shocked by recommendations proposed by a Carter administration task force to resolve Maine's Indian land-claim suit.

A provision of the settlement plan would require 14 major timberland corporations to contribute 300,000 acres valued at $33.8 million to the tribes in return for a federal payment of $1.5 million. The tribes also would be given options to purchase an additional 200,000 acres valued at $22.5 million at fair market price under the terms of the agreement.

Robert Hellendale, president of Great Northern Paper Co., said his company would have no choice but to reject the proposed settlement and to contest the Indian claims in court.

Hellendale acted as a spokesman for representatives of the 14 timberland corporations after they emerged from a 90-minute briefing by White House Counsel Robert J. Lipshutz.

Great Northern, under the proposed settlement, would be asked to relinquish 99,213 acres of timberland valued at approximately $11.2 million. Its compensation from the federal government would be approximately $500,000.

Great Northern, whose holdings total 1,027,286 acres within the disputed 12.5-million-acre Indian claim area, would be the hardest hit by the settlement proposal. Its proposed 99,213-acre contribution amounts to 33 percent of the 300,000-acre settlement package and represents 9.7 percent of the company's timberland holdings within the disputed region.

Hellendale said timber company owners were shocked that they were never asked to sit in on the talks or invited to be a party to the negotiations.

"We are shocked by the manner with which we got the proposal and we are shocked by the proposal itself," he said, indicating that nothing was said during the 90-minute White House briefing to allay concern by the timber companies.

He charged that the task force has completely changed Judge William Gunter's settlement recommendations, which absolved private landowners of any responsibility in the claims suit into a new proposal that requires a greater financial contribution by 14 individual private timberland owners than is required of either the state or federal government.

"I suggest that the way this proposal was derived at is an abdication of the responsibility which Judge Gunter squarely placed on the federal government and the state," said Hellendale.

President Carter, he said, has concluded that the Gunter plan is fair and equitable.

"We were led to believe that the task force was negotiating with the tribes merely to clarify implications of the Gunter plan...this new proposal completely changes around the Gunter report.

"We are asked to respond as if we are at fault...They suddenly have imposed on these 14 owners an obligation which is bigger than that required of either the state or federal government."

Asked what the paper company response would be, Hellendale said, "I don't know what we will do."

Speaking for Great Northern, and not as a spokesman for the group, Hellendale said, "If we are asked to (contribute) 99,000 acres or to litigate, I would have to answer that right now we have no choice but to litigate."

"I am not about to say how we are going to defend ourselves from here on," he concluded.

The timber delegation later conferred with Sen. Edmund S. Muskie, chairman of the state's congressional delegation, before flying back to Maine.

This is a breakdown of the major landowners affected by the proposed settlement in addition to GNP:

- Diamond International would give up 48,945 acres of 532,125 acres owned within the claim area; Georgia Pacific, 26,475 acres of 310,784 acres owned; International Paper Co., 20,730 acres of 254,184 acres owned; John Cassidy Timberlands, 20,277 acres of 104,714 acres owned.

- St. Regis Paper Co., 17,541 acres of 222,778 acres owned; J. H. Huber Corp., 16,029 acres of 231,792 acres owned; Scott Paper Co., 12,945 acres of 177,510 acres owned; G. F. B. P. Webber, 11,856 acres of 166,481 acres owned; John Cassidy Timberlands, 8,826 acres of 136,943 acres owned; Dead River Group, 6,804 acres of 114,017 acres owned; Webber Timberlands, 5,193 acres of 101,149 acres owned; Baskmahegon Co., 3,375 acres of 83,249 acres owned; and Boise-Cascade Paper Group, 1,530 acres of 63,045 acres owned.
Indian Claims
Landholders Protest

By KNIGHT KIPLINGER
Washington Bureau

WASHINGTON — Representatives of the largest landholders in Maine, mostly paper companies, told White House officials Friday they are being asked to bear an unfairly large share of the burden that would be imposed by the most recent Indian land claims settlement proposal.

They told presidential counsel Robert Lipshutz a plan that would extinguish claims to small, privately owned tracts but require the owners of 50,000-acre and larger tracts to part with up to 500,000 acres may be unconstitutional.

As much as the substance of the new proposal, it was the method by which it was crafted that the large landholders' representatives found objectionable.

"To the best of my knowledge, there was no communication whatsoever between the White House task force and any landowners or their representatives," Robert Hellendale, president of the Great Northern Paper Company, said in an interview after the White House meeting.

On Feb. 2, the major landowners were told that the text of a new proposal would be released soon, but they were not told the contents of it, he said.

Hellendale said he and other paper company executives had been under the impression that the White House Indian Task Force was trying to formulate a settlement that would closely follow the contours of the earlier plan advanced by White House Indians affairs troubleshooter Judge William Gunter.

That plan suggested a $25 million federal payment to the Indians, plus about 100,000 acres of land, presumably state-owned land.

"The Gunter recommendation said private landowners had no responsibility for causing the problem," and should not suffer for the apparent negligence of state and federal officials in centuries past, Hellendale said.

But the new plan proposes that the large landowners give up 300,000 acres for about $5 per acre, plus another 200,000 at a fair market value.

Hellendale, whose company owns about 2.1 million acres in Maine — half of which is in the Indian claims area — said Great Northern would be liable for about 99,000 acres under the new White House plan.

When the landowners delegation asked how a payment of $1.5 million was arrived at to compensate them for the 300,000 acres to be given to the Indians, they reportedly were told the figure was more or less arbitrary.

Hellendale acknowledged that the immense landholdings of his firm in Maine might make it difficult for many people to sympathize with Great Northern's complaint.

"But our company employs 4,500 people in Maine; what constrains the company's forest resources constrains the ability of the state's economic machine to produce," he said.

"I don't know how to counteract the public perception but the proposed plan is clearly unfair; it might be unconstitutional to impose a plan under which landowners with under 50,000 acres get one lot and those over 50,000 acres get another," Hellendale said.

The White House meeting was attended by executives of the following firms: St. Regis, Georgia Pacific, Boise Cascade, Scott Paper, International Paper and the J.M. Huber Company. Also present was Don Perkins, an attorney who represents a number of the large landowners in the Indian claims matter.

‘No’ Feared Harmful

By MAUREEN CONNOLLY

AUGUSTA, Maine (AP) — If the state of Maine and paper companies which have large operations there don't agree to a proposed out-of-court settlement of Indian land claims, the state could suffer drastic economic consequences, a presidential negotiator said Friday.

Since 1972, the 4,000 Passamaquoddy and Penobscot Indians in Maine have been suing in federal court for some 12.5 million acres of Maine land. The land includes 3.3 million acres held by small landowners and represents two thirds of the state's total land area.

But under a formula proposed by the tribes and a presidential task force, they would settle for a package that would include a federal grant of $25 million; hunting and fishing rights on 300,000 acres of land now owned by 14 large landowners; annual state payments of $1.7 million for 15 years; options to buy another 200,000 acres, and religious rights in a state park.

The state could lose all the contested land, and more, if it loses in court. Attorney General Joseph Brennan, who has said he wants to fight in court rather than negotiate, said he expects to meet with Gov. James B. Longley and legislative leaders next week to discuss a formal response to the White House proposal.

Longley has reserved public comment on the recommendations, although he was reported to be upset that state officials had not been briefed earlier on the status of negotiations.

The tribes voted overwhelmingly on Thursday and Friday to accept.

Presidential negotiator Eliot R. Cutler said Friday that the proposal "does not impose or seek to impose any obligation on any person or party other than the tribes and the federal government."
Cutler FROM PAGE 1

He also said that in 60 days, the White House will submit to Congress legislation providing the $25 million to the tribes — and that the White House will fulfill its part of the bargain regardless of whether the state and landowners meet the tribes’ terms.

The 300,000 acres of land would be bought with federal money at $5 an acre and held in trust for the Indians. It was not clear what timbering rights the paper companies might retain on it.

But the plan, if accepted by Congress, means that homeowners and those holding less than 50,000 acres would be assured of no further legal battles.

Cutler said one motive behind it was that "we wanted to guarantee security for the thousands of Maine citizens who own homes and businesses in the claims area and who would suffer enormously from the economic chaos that would be the result of litigation."

About a year ago, Maine ran into sudden trouble selling bonds because of skepticism in the financial world about title to lands in Maine. A drawn-out legal battle could complicate everything from mortgage applications to school construction bonds.

If the proposed settlement were divided among the Indians on a per capita basis, each Indian’s share would be $6,250 and 125 acres. The proposal, however, specifies that the settlement is to be considered collectively and divided equally between the two tribes — even though there are 2,500 Passamaquodgies and only 1,500 Penobscots.

---

14 Landowners Asked To Sell

AUGUSTA, Maine (AP) — Fourteen major landowners in Maine are being asked to sell at reduced rates a total of 300,000 acres of timberland as part of the settlement of the Maine Indian land claims case.

Eliot R. Cutler, a member of the presidential task force that came up with the proposal, along with representatives of the Passamaquoddy and Penobscot tribes, released the list of affected landowners Friday.

Under the proposed compromise, the landowners would sell at the land at the reduced rate of $5 an acre. The 300,000 acres would be held in trust for the tribes by the U.S. Department of the Interior. The tribes would be granted options to buy at fair market value another 200,000 acres. The fair market value of average woodland has been estimated at $100 to $125 an acre.

Unless a compromise is reached, the tribes and the federal government will sue the state and landowners within a 3.3 million-acre tract.

Here are the owners involved in the compromise proposal and the amount of their holdings which they would be asked to sell.

Great Northern Paper Co.: 99,213 of 1.027 million acres.

Diamond International: 48,945 of 532,125 acres.

Georgia Pacific (including St. Croix Pulpwood): 26,475 of 310,784 acres.

International Paper Co.: 20,730 of 254,184 acres.

John Cassidy Timberlands: 20,730 of 249,741 acres.

St. Regis Paper Co.: 17,541 of 222,778 acres.

J.M. Huber Corp.: 16,629 of 213,792 acres.

Scott Paper Co.: 12,945 of 177,510 acres.

G. Pierce Webber: 11,826 of 166,481 acres.

Pingree Heirs: 8,826 of 136,945 acres.

Dead River Group: 6,804 of 114,617 acres.

Webber Timberlands: 5,193 of 101,149 acres.

Baskhegegon Co.: 3,375 of 65,459 acres.

Boise-Cascade Paper Group: 1,530 of 65,045 acres.
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 17:

THE BACKLASH

It's been a long, long time since the paper companies had so many people on their side in Maine.

"Anyone who thinks he is going to 'protect the little guy' in Maine by socking it to the paper companies has his head screwed on backwards."
---The Penobscot Times, Old Town

"It all smacks of juvenile idealism carried over into young middle age by a new breed of legal Don Quixotes."
---Kennebec Journal, Augusta

"Maine is being subjected to what amounts to blackmail...."
---Morning Sentinel, Waterville

"If it is wrong for Maine's small landowners to surrender property at the government behest, it is just as wrong to ask big landowners to ante up acreage."
---Bangor Daily News

"...the offer of the government is preposterous."
---Ellsworth American

A storm of protest has developed over the second White House attempt to settle the Indian lands claim issue. Unless forced to do so by the courts, it is clearly evident that many Maine people at this time don't want to give the Indians a lot of money, or a lot of land -- anybody's land. Every newspaper in the state which has published an editorial on the subject has been critical of the proposal.
The Backlash (continued)

When President Carter visited Bangor on February 17, he faced the issue. Actually John Day of the Bangor Daily News first put the question to the President in Cranston, R.I., when Carter stopped en route north. Day summed up the President's message for state officials and the 14 major timberland owners in these words: "You don't have to take the deal if you don't want it." The President said so again at a "Town Meeting" in Bangor. Anne Erickson, editor of the Katahdin Times, was one of 2,500 at the meeting, and she said the President's visit "hasn't changed a thing. I came away from Bangor frustrated." Others agreed with her.

Taking a look at the picture:

Unions -- After hearing Bob Hellendale report on the situation, union leaders enthusiastically pledged to support the company. They will be calling and writing the Governor and members of the Maine Congressional Delegation.

Legislature -- Although Senator Muskie made a visit to Augusta and appealed for careful consideration of the plan, observers say that the mood of the Legislature reflects public opinion. A special committee is considering what steps the Legislature will take. The committee was advised against accepting the Federal proposal by its counsel, Harrison Richardson. One Democratic candidate for Governor, Senator Merrill, said he saw merit in the proposal. The session is likely to wind up in mid-March.

Governor -- He said the plan reminds him of something which would come from "Red China or Russia." Next week he goes to the White House with Attorney General Brennan, another critic of the proposal.

Industry -- A statement saying the paper industry was "stunned" by the proposal was issued by the Paper Industry Information Office. Some of the non-paper industry landowners are saying the White House was all wrong in saying they owned over 50,000 acres each and others are planning to go public with similar statements.

Congressional Delegation -- Next week we go to Washington to talk with Senator Hathaway and Congressmen Cohen and Emery. Hathaway got some headlines by supporting the plan. Cohen and Emery have been critical of the White House.

Next week Great Northern will run advertisements in all Maine daily newspapers (and many weeklies) thanking the many people who have urged fair play for all. We are also considering a letter to employees. A booklet of the many editorials from Maine newspapers may also be distributed.

WORKERS' COMPENSATION RATES

The National Council on Compensation Insurance has filed revised workers' compensation rates, calling for a 20.9 per cent increase effective February 15. Insurance Superintendent Frank Hogerty invited the proposal after rejecting a proposal for a 36.3 per cent increase. Directors of PI10 voted February 17 to retain Attorney Donald Perkins to coordinate paper industry opposition, if any, to this round of increases.
Governor Longley this week signed the bill requiring regulations be established to permit the operation of tepee burners.

All other bills on the list above are still in committee, Lynwood Hand reports.

Lynwood expects the Natural Resources Committee to report out "ought not to pass" Representative Blodgett's proposal to give the Land Use Regulation Commission jurisdiction over all logging roads in the unorganized territory. Blodgett is stubbornly refusing to give up on the issue and there may be a House debate. A sub-committee of the Appropriations Committee is still working on the spruce budworm financing proposal. The Business Legislation Committee will hold a work session next week on the takeover bid disclosure law. Bart Harvey went to Augusta this week to assist Lynwood with dealing with the Natural Resources Committee on the Conservation Department proposal to change the spruce budworm spray area. Lynwood is optimistic the proposal will be rejected by the Legislature despite Commissioner Barringer's personal intervention in an attempt to salvage some of the pieces.

There was good news on the tax front. Lynwood expects the Taxation Committee to kill proposals for state-level valuation of industrial property assessed at over $10 million, mostly paper mills.

The proposal to establish a tax district in the unorganized territory as a vehicle for replacing the repealed state uniform property tax was supported by Don Perkins, speaking for PIIO, at a hearing on February 15. The Committee is expected to give the proposal unanimous support. It means the state will collect $6 million, instead of $8 million with the tax based

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strictly on services provided -- just like a city or town. (At a meeting of PIIO directors on February 17, Arthur Stedman of Scott said he estimates that total tax bills will drop 25 per cent as a result of this, and other developments -- despite the 40 per cent jump in valuations.)

ELSEWHERE

A contribution was made to the Northeast District of the YMCA....On behalf of the Pinkham Company, we placed an advertisement in the Presque Isle Lions Club booklet....Students at Stearns High School and Red Cross volunteers thanked Great Northern for sponsoring advertisements urging participation in a blood drive....Thank you letters also came from two Aroostook snowmobile clubs -- praising a recent advertisement urging safety be kept in mind by snowmobilers using Company lands....Directors of Associated Industries of Maine have written a letter signed by Vice President Bill Haggett opposing the White House proposal. The AIM group met February 14....The annual meeting of AIM will be September 14 in South Portland. James L. Ketelsen, president of Tenneco, Inc., will speak....Next meeting of the Penobscot study committee has been called by Herb Hartman for February 24 in Bangor....The Northern Maine Regional Planning Commission is asking Great Northern approval to study three hydroelectric sites in Aroostook County....Phil Merrill, the gubernatorial candidate, will visit Millinocket and East Millinocket February 20 and greet workers....Directors of PIIO also have voted to sponsor a special edition of the monthly radio program. Hank Magnuson will articulate the industry's opposition to the Federal proposal to settle the Indians claim case.

Sincerely,  

Paul

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 February 24 is as follows:  

**AND NOW, MAINÉ TIMES!**  

Maine Times, the weekly newspaper which concentrates on environmental issues, on February 24 joined the list of newspapers editorially opposing a settlement of the Indian land claims based on the latest proposal.  

"The principle behind the settlement seems to be that government is to blame for what happened. If so, why penalize a particular group of landowners?" said the editorial written by Peter Cox. Cox now is editor and publisher. His former partner, John Cole, has left to establish a world newspaper of opinion. With Cole at the helm, Maine Times had been a traditional critic of the paper industry.  

"The last time they agreed with us was when the Canadians threatened to cut off our oil supply -- and Maine Times' source of newsprint," one office wit commented.  

The week commenced with the Maine Sunday Telegram, the state's largest newspaper, concluding in an editorial:  

"The proposed settlement gets the federal government out of the case with a minimum of expense and inconvenience. Yet it does so under an agreement which baldly confesses to treating a few large landowners differently from all other classes of citizens. Try as one might it is difficult to comprehend the inherent fairness of that kind of solution."  

So far no newspaper has urged acceptance of the proposal. In a column published on February 20, the Portland Press Herald reported how eight men and women answered the question: "What do you think of Carter's latest Indian proposal?" Seven of the eight had favorable comments.
And Now, Maine Times (continued)

Army colonel said he agreed with the Governor -- "what happened 200 years ago should not reflect on the present generation."

Other happenings:

Congress -- On February 21, Bob Hellendale and I called on Senator Hathaway and Congressmen Cohen and Emery. We had visited with Senator Muskie on February 10. The two congressmen are opposed to the proposal. Hathaway believes it should be carefully considered.

Governor -- Governor Longley will meet with the President's counsel and the Maine Congressional Delegation in the next few days in Washington. Early in the week, the Governor said the state has a grave responsibility to consider the White House plan, although he's been very critical of it.

Legislature -- House Speaker John Martin in a news conference on February 23 called for support for Attorney General Brennan. Brennan, who has been criticized by some politicians for his handling of the issue while running for Governor, has been a harsh critic of the latest proposal. Martin also told the press "I am very much disturbed by the philosophy behind that part of the settlement directed at the large landowners.... I cannot help but see in this proposal an attempt to set citizen against citizen be they private or corporate against one another to achieve the maximum possible advantage to the tribes." In Augusta on February 22, Bob Hellendale talked with Martin, Senate President Joe Sewall and other legislators.

Public Relations -- A full page advertisement was published in seven Maine daily newspapers on February 23 and in nine weekly newspapers. Great Northern thanked people for their support, cited Justice Gunter's declaration that landowners had no responsibility and offered to send readers a copy of the Company's views on the issue. Governor Longley has told people he liked the advertisement. Some people in Washington saw it as a "hard line". The Associated Press published a story saying we spent $8,000 on the advertisements. A one-page sheet containing editorials from the Maine press has gone to the printers and will be available next week for distribution.

Letter to Employees -- A letter written to employees by Bob Hellendale will be mailed tomorrow. It will also go to legislators, suppliers, stockholders, the press, businessmen, trade association members -- 7,500 in all. It will also be mailed to people who respond to the offer in the advertisement. The President of the Maine Central Railroad wrote political leaders, opposing the proposal for a settlement and citing the "grave harm" which can be done by damaging the paper industry.

Unions -- Leaders of union locals from the Millinocket mills met in Augusta with Governor Longley on February 21. They have started a post card campaign to support the Company. They also are urging support by the Maine Congressional Delegations.

Press Conference -- After calls from all three Bangor television stations, we agreed on a press conference for February 28 in Augusta. Bob Hellendale will answer questions.
The Taxation Committee this week reported out "ought not to pass" two bills proposing state-level assessment of property valued at over $10 million. The committee’s unanimous report killed the two proposals for this session. It was a defeat for the Governor. At a meeting of the Government Affairs Committee on February 22, Attorney Robert Moore reminded members that state-level assessing is still possible -- if the Bureau of Taxation gets the necessary funds. The Appropriations Committee is considering a request for a "lot of money and a lot of people" to do the job, Moore said. Now the focus of attention for industry’s lobbying efforts will shift to the Appropriations Committee where hopefully the request will be denied as unnecessary.

Peter Yacavone visited in Augusta with Lynwood Hand. He was the third person to go to Augusta this session in the GNP program of acquainting people with the legislative process and environment.

Next week Lynwood is seeking to arrange a joint meeting of the Appropriations and Natural Resources Committee to see a budworm film made in eastern Canada. The film defends the need for spraying.

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Elsewhere

With help from Bob Bartlett, we assembled an illustrated advertisement for the forestry section to be published by the Sunday Telegram.... A print of the movie "A Few Good Men" was donated to the State Museum in Augusta at the request of the museum.... The Company will again sponsor over WMKR a broadcast of the town budget hearing.... An advertisement was placed in the first Medway Middle School yearbook.... The Great Northern 35 mm slide presentation was adapted for showing by Avern Danforth in a table top projection unit.

Sincerely,

[Signature]

pmc/b

Distribution:

J. R. Adams T. H. Flanagan O. J. Lombard C. H. Reed
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INDUSTRY REJECTS LAND SETTLEMENT

Seven Maine paper companies, named among 14 major landowners to turn over 300,000 acres of timberland as part of a proposed Indian land claims settlement, have unconditionally rejected the proposal.

In a prepared statement, issued through the Paper Industry Information Office, these companies said they were stunned by the proposal.

"They are being asked to shoulder a heavy portion of the burden to solve a problem they had no part in creating," the statement said.

Proposal "Unfair"

The proposed settlement is a "totally unfair maneuver to shift responsibility for solving a problem onto innocent parties," the statement added.


Collectively, these companies are being asked to give up 227,379 acres of timberland at a fixed price of only five dollars an acre—far below true market value.

In addition, they are being asked to contribute to another 200,000 acres of land, options for which would be offered to the Indian tribes at market prices to conclude the industry's portion of the proposed settlement.

"If our company faces a choice between giving 99,000 acres to the Indians or going to court, the company has no alternative but to go to court," Robert Hellendale, president, Great Northern Paper Company, responded.

He pointed out further that there is a conflict between Mr. Carter's characterization of the earlier Gunter report as "fair and equitable" and his endorsement of the current proposal. The Gunter report concluded that private property owners bore no responsibility and that the claims should be settled jointly by the federal and state governments.

Media Supports Landowners

Editorial response to the proposed settlement throughout the state's media has been swift, with not one newspaper favoring the suggested approach. Most editorials emphasized that there is more at stake than paper company lands.

In an editorial entitled "The Little Guys", the Penobscot Times had this to say:

Anyone who thinks he is going to "protect the little guy" in Maine by socking it to the paper companies has his head screwed on backwards.

...Folks around here know that the paper companies mean jobs... These jobs depend primarily on one thing—a dependable supply of wood fiber. To the extent that the forced sale of 500,000 acres of prime timberland makes that supply less dependable, the jobs and livelihoods of thousands of Mainers are threatened.
MAINE UNIONS PROTEST LAND CLAIMS

The Maine AFL-CIO executive committee has formed a statewide Indian lands committee to gather support from all of Maine’s labor unions in a letter writing campaign, protesting the inclusion of private property in any proposed Indian claims settlement.

Meeting earlier this month, the union leaders sought paper company assistance in explaining the claims case to employees and pledged their membership to 100,000 postcards of protest to be delivered to the Maine Congressional delegation.

“We also feel that any settlement should consider the economic impact on the jobs and life styles of the tens of thousands of Mainers who derive their living from these lands,” organizers of the movement said in a prepared statement.

BOISE GOAL: 25% ENERGY REDUCTION

Boise Cascade Paper Group Rumford Mill has announced an update of its energy conservation action plan with the goal of a 25% reduction in energy consumption by 1980.

This is five per cent more than the target set by the Federal Energy Office, based on 1972 consumption levels.

At year’s end, the Rumford mill had realized energy savings of 14%, with a record final-quarter decrease of 7.8%, based on 1976 figures.

The updated plan is expected to produce further savings of six per cent, based on 1972 figures, as a result of planned capital expenditures, operating changes and improved maintenance.

WARREN SHARES STATE HONORS

S. D. Warren Co., which operates one of 250 hunter safety programs supervised by the Department of Inland Fisheries and Wildlife in Maine, is sharing honors with the state for its recognition by the National Rifle Association for having one of the ten best hunter safety programs in the nation.

Awarded for its 1976-77 program, this is the fourth such award received by the department.

A spokesman for the department, who said hunting accidents in the state have been reduced by 50% over the last 15 years, commended Warren for a “very high quality program, teaching far more than the department’s basic requirements.”

RUSSIANS TOUR MAINE MILLS

Four representatives of the Russian paper industry toured selected Maine paper mills in late February as part of a USA-USSR environmental exchange agreement.

Interested primarily in cold weather water treatment systems, the Russian papermakers visited facilities at Diamond International Corporation, Boise Cascade Corporation and International Paper Company.

Employees of Diamond International Corporation, along with representatives of both state and Federal agencies, host a group of Russian papermakers, touring state paper manufacturing facilities.
A bill before the Legislature will enable the exchange of 17,000 acres of land between St. Regis Paper Company and the Bureau of Public Lands. Provisions of the exchange include donation of timber and grass rights which St. Regis has held on public lots involved in the swap.

Parcels going to the state include lands in the vicinity of Duck Lake, Hancock County; Sebois Lake, Piscataquis County; and Squapan Lake, Aroostook County.

This transaction brings to 230,000 acres the industry/state exchanged lands on which private companies have donated harvesting rights.

The St. Croix River is ready for the Atlantic salmon, according to Maxwell Cohen, Canadian co-chairman of the International Joint Commission.

The clean-up of the St. Croix River “is a real success story,” he said, referring to the installation of pollution abatement equipment by Georgia-Pacific Corporation last spring.

Anticipating the return of the salmon, G-P had installed ladders on its dams for the migrating fish.

Boise Cascade Paper Group Rumford Mill hosted 19 Rumford High School students during the school’s recent annual Independent Study Week, in which students leave the classroom for a week of on-the-job work and observation along career tracks of their choice.

Students participating at Boise Cascade were exposed to a wide variety of mill operations, including engineering, finance and accounting, water treatment, various technical activities and maintenance.

This is the fifth year in which Boise Cascade has been associated with the program.

Georgia-Pacific Corporation has announced a temporary shut-down of its McAdam, N.B., plywood mill due to a shortage of veneer logs.

Efforts to increase the supply of veneer logs include an expanded purchase program, installation of a computerized scanner at the company’s Woodland stud mill to identify veneer logs and utilization of a mobile merchandizer to identify and separate veneer logs in the woodyard.

When the veneer log inventory is brought up to an adequate level, production will resume at the mill.
MAINE CENTRAL TIES GROWTH TO PAPER INDUSTRY

Maine Central Railroad is the only successful railroad system in the Northeast, according to Boston Globe reporter Daniel J. Corcoran; and the reason for this is paper.

Maine Central carries raw material to Maine's expanding paper industry and it carries finished products away from the mills to the marketplace.

According to John F. Gerity, Maine Central president, the railroad obtains 60% of its business from the paper industry; and the volume is growing steadily with the industry's expansion projects.

Gerity is now looking forward to increasing use of coal as a source of energy to boost rail traffic further.

P & P FOUNDATION RECEIVES SCHOLARSHIPS

The University of Maine Pulp and Paper Foundation has received two scholarships, the 45th and 46th named scholarships to be awarded since the foundation undertook the program in 1962.

Each in the amount of $10,000, the scholarships were received from Charles T. Main, Inc., Boston, and The Bird Company, Walpole, Mass.

The scholarships are designed to provide full tuition plus $100 to meet educational expenses.

CORPSMAN WINS BOISE FELLOWSHIP

Frank Conlon, returning to the United States after 28 months as a Peace Corps forester in Niger, West Africa, has won a $4,500 Boise Cascade Corporation fellowship to study graduate forestry at the University of Maine - Orono.

The fellowship is for advanced forestry, specializing in young growth, according to John L. Hartranft, wood department manager for the company.

A 1975 graduate of the University of Maine, the Rhode Island native was one of 15 foresters conducting nursery and reforestation projects in the African nation.

KNOX WOOLEN CO. GROWS WITH PAPER

Knox Woolen Co. was incorporated in Camden, Maine in 1864, during the pioneer days of the paper industry, and it has been growing along with that industry ever since. Today, it employs 200 people and has paper industry accounts across the nation—the source of 80% of the company's annual volume.

In addition to the huge felts on which paper is dried, the company also produces felts for the printing industry and sanforizing cloth which is used in the manufacture of non-shrink clothing.

According to Charles Merritt, a public relations representative for the company, recent growth in Maine's paper industry has produced corresponding growth for Knox Woolen Co., as well.

WISCONSIN CLAIMS NO. 1 BUT . . .

Wisconsin is still the nation's leading papermaker, according to the Wisconsin Paper Council.

The council has based its claim on 1976 production figures, the latest available, which give that state a 72,000-ton edge over the state of Maine.

What those statistics do not show, however, is the $600-million expansion program undertaken by the Maine paper industry during the last three years. Increased capacity from this effort—100,000 tons per year more than the state of Wisconsin—should make a clear difference when the next production figures become available.
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 3 follows:  

**SPEAKING OUT**  

As reported last week, a press conference had been arranged after several newsmen asked to meet with Bob Hellendale. It was held February 28 at the Holiday Inn in Augusta. Representatives of WABI, WVII and WLBZ in Bangor, WMTW in Poland Springs, WGAN and WCSH in Portland, the Maine Public Broadcasting System, WRDO radio in Augusta, the Bangor Daily News, the Associated Press, United Press International, the State House News Service and the Capitol News Bureau turned out -- the same group which turns out for the Governor's press conferences.  

In an opening statement, the Great Northern president said:  

"As you probably know, Great Northern Paper Company operates two large paper mills in Millinocket and East Millinocket. We have one of the largest saw mills in the East near Ashland, Pinkham Lumber Company. All together we employ 4200 people and convert a million one hundred thousand cords of wood a year into products that last year brought more than $150,000,000 into Maine.  

"Our principal raw material is wood and most of that wood comes from land which is the subject of the Indian claims. Our two mills are in the area claimed by the Indians. Of all the landowners, we have the most at stake in this controversy. We own the most land and we need the most land because we use the most wood.  

"I am here today in response to requests by the press and television about our company's position on the White House work force proposals to settle the Indian land claims."
Speaking Out (continued)

"First, what is that position? To make it simple, we think they are unfair and we are opposed to them. They're unfair because they impose a burden on our company and 13 other large landowners which rightfully belongs on somebody else -- the Federal Government.

"Second, why do we take that position? Again, to make it simple, because in the words of President Carter's special representative, Judge William B. Gunter, "I have concluded that the Federal Government is primarily responsible for the problem...and I have concluded that private property owners owning property in the claims area do not bear any responsibility for the creation of the problem."

Following his statement, Bob answered questions for a half hour -- 37 in all.

In the Portland Evening Express of the same day, a story covering the news conference was headlined:

Great Northern Set to Fight Land Case

The following morning reports of the news conference shared space in the press with a story from Washington. (The White House has agreed to give the state extra time to consider the latest proposal.) Some of the headlines:

GNP rejects Indian land proposal
--- Bangor Daily News

Great Northern won't actively negotiate claims
--- Kennebec Journal, Augusta

GN Wary But Is Open To Talks
--- Morning Sentinel, Waterville

Great Northern Not To Deal Actively With Indians On Claim
--- Portland Press Herald

GNP Not Opposed To Compromise
--- Lewiston Sun

An Associated Press reporter interpreted the fact that Bob said "we wouldn't rule out anything as a possible settlement" as the "first outright indication from one of Maine's 14 largest landowners of a willingness to negotiate an end to the Indian claim to 60 percent of the state's territory." In a telephone interview that evening with a reporter from the Portland Press Herald, Bob explained that he did not intend to leave the impression that "we'd do anything to settle this case." He was quoted as explaining: "If the Indians approached us, we wouldn't say: 'We don't want to talk to you.' If there's anything to talk about, we would have to talk to them. But I can't see where an approach by the Indians at this point would be helpful." This story also appeared in the Augusta and Waterville newspapers. The Associated Press story also appeared in abbreviated form in the Washington Post and the New York Times. It led to questions from other companies asking if Great Northern's position had changed. After discussing the matter with Don Perkins and Bob Hellendale, we decided against asking the Associated Press for a clarification at this time. It would only keep the matter alive.
Speaking Out (Continued)

During the week, there were also these developments:

Unions -- A front page story appeared in the Bangor Daily News based on a release by Great Northern locals. The release said the Millinocket and East Millinocket group were asking the AFL-CIO to oppose the White House proposal as unfair. (The story included a hint that GNN had pulled the $230 million Ashdown, Arkansas, project out of Maine because of the controversy. Bob Shinners met with union leaders to make it clear this wasn't so. A news release also was put out denying the report. Bob Hellendale denied it at the press conference.) Bud Millett and Ray Paoletti of the East Millinocket locals and I briefed representatives of Diamond, International, Georgia-Pacific, St. Regis and Scott on ways in which the company and the unions were working together on the Indian issue at a meeting in Augusta with Perkins and Dan Boxer. Presidents of all locals in the state have been invited to a March 4 meeting in Augusta. Millett says they will be asked to join in a campaign to send 200,000 post cards to the Maine Congressional delegation.

Congressional Delegation -- Senator Hathaway made headlines on March 12 saying the Indian land plan would benefit the state in terms of jobs and taxes. (Some Democrats say the speech was overplayed in the Maine press and that Hathaway wasn't as strong on the issue.) On March 3 he called to say he was suggesting new approaches in a Bangor news conference. Congressman Cohen planned to attack the White House plan on the floor of the House March 3. The Governor and the Attorney General met with the delegation and according to staff members urged reconsideration of the Gunter proposal. In response to a question, I told Bob Rose of Muskie's staff that the Company was denying the report that a project had been shifted to Arkansas from Maine.

Governor -- Returning home from Washington, the Governor told the press the Gunter proposal was "brilliant and judicious" and was quoted as "blasting the one-sided negotiations which he said the White House conducted with the Indians' lawyer."

Legislature -- Senator Pray read Great Northern's full page advertisement into the legislative record and attacked "divisive scheming".

Public Relations -- As a result of the full page advertisements, we received (and have answered) 200 letters. A Buckfield woman complained the "Indians don't have that kind of money to spend on their own propaganda" and said she was "insulted" by Great Northern's extravagance. Most of the letters were favorable. One man sent $5. A sheet of editorials on the issue is also being distributed. Demand for copies of Bob Hellendale's letter to employees has forced an additional printing -- 8,500 in total.

At week's end, news of the Rhode Island settlement in which the Indians got 1,800 acres of land was on the front pages.

Earlier there were stories reporting the Oneida Indian nation in New York was seeking five million acres. From Washington came a report that House Minority Leader Rhodes next week would call for hearings on the Indian claims, citing Maine as a chief example of a growing national problem.
The Legislature
At-A-Glance

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<td>State valuation of industrial property</td>
<td>Taxation Hearing Feb. 8 Committee: No, 13-0</td>
<td>Dead</td>
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Lynwood Hand reports he and Dan Corcoran of the Woodlands Department found the halls of the Legislature boring until the Republicans kicked up a storm by proposing a tax package on March 2. It would include a two percent reduction in the corporate income tax as well as other incentives for business. The plan has the blessing of Governor Longley. The last few weeks of the session will be devoted largely to debating financial matters. In an election year, it's evitable that the debate is going to get hot.

On other bills of interest, Lynwood says that the Natural Resources Committee has submitted an unanimous ought not to pass report on the proposal to give the Land Use Regulation Commission jurisdiction over all logging roads in the unorganized territory. Usually such a report automatically kills the bill. A study of sedimentation problems is expected.

While in Augusta, Corcoran attended a showing of a spruce budworm film -- a documentary advocating spraying produced by a Nova Scotia environmentalist. The week saw the Senate kill (18 to 5) a bill reducing the size of the spray area. Funds for the 1978 spray program are contained in the overall state budget still not reported out by the Appropriations Committee.

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 March 10:  

**BOTTOM LINE TIME**  

Governor Longley has said the second regular session of the Legislature can make history by cutting taxes. The Governor proposed cuts when legislators arrived in Augusta in January. He predicted a $40 million revenue surplus. The independent governor's program got a skeptical greeting -- maybe because it is an election year in which the politicians are awaiting Longley's decision on his future (due the first of April). As briefly reported in last week's newsletter, the Republicans came up with their own plan for tax cuts -- with an endorsement from Longley.  

The tax picture was evaluated at a March 8 meeting of the Taxation Committee of Associated Industries of Maine attended by Al Tozier and I. Bill Garside, chief of the legislative staff and an old State House financial expert, and Ron Lord, legislative finance officer, were guests. They kicked off the discussion by saying that despite earlier doubts it now appears the Governor's revenue forecast is accurate -- "maybe conservative".  

Senator Hollis Wyman, long-time chairman of the Taxation Committee, ducked out of the session to walk across the street to the committee meeting. He wanted to share his enthusiasm: "I have never seen the Republicans so united on an issue. With the Republicans (who control the Senate) and the Governor working together, somebody has got to give -- the House," Wyman said.  

The Republican package calls for a permanent reduction of 2 per cent in the corporate income tax, a cut of $840,000. A last minute addition is a direct rebate for the sales tax paid on logging equipment. Similar treatment is proposed for fishing and farming equipment. While any tax cut is
welcome, it would appear the sales tax rebate on logging equipment would be the most beneficial for Great Northern. It would reduce state revenues between $1.2 and $2 million according to estimates. It's difficult to predict what will happen but Lynwood Hand thinks the exemptions may be approved.

On the defensive and angry, the Democrats face the fact they may have to oppose tax cuts in an election year. The Democrats differ -- at least at this time -- with the Republicans over the desirability of cuts in the corporate and personal income tax. The House approved on March 8 a Democratic plan stressing reductions in the property taxes homeowners have to pay.

**Taxing The Unorganized Territory**

Approximately half of the State of Maine is in the unorganized territory. It is mostly timberlands. There are no cities and towns. In response to a request for an advisory opinion, the State Supreme Court on March 10 informed the House of Representatives it found constitutional a proposal to establish an Unorganized Territory Tax District. The proposal has the support of the paper industry. A district tax would be imposed to finance the same local services provided in cities and towns. While copies of the full opinion were not immediately available, Lynwood Hand says the opinion made a point of stressing that the tax must cover only "local services" in the same manner as the cities and towns do it -- including only half the cost of education (the state picks up the remainder).

According to estimates by the State Bureau of Taxation, the cost of local services in the unorganized territory in the 1978 fiscal year will be $5½ million.

If approved by the Legislature (and it already has the unanimous support of the Taxation Committee), the new tax would replace both the repealed State Uniform Property Tax for Education and the State and Local Government Tax which together will raise $7.9 million in this fiscal year.

The new district tax will also solve a problem for many cities and towns which haven't been collecting the amount required under the State and Local Government Tax. They haven't needed the money and haven't wanted to pay it into the state.

**Indian Land Claims**

"It is awfully important -- you do not make a deal on rights," Chairman Andrew Sigler (Champion International's chief executive) told members of the government affairs committee of the American Paper Institute at a March 9 meeting. Tim Westbay of St. Regis, Fred Webber of Scott and I discussed the issue. There were 60 persons at the Washington meeting. While API isn't directly involved, the Maine issue got top billing on the agenda -- for informational purposes. Sigler said he hoped Bob Hellendale's letter to employees had gone to chief executives of all API companies. Westbay and Webber praised Great Northern's attack on the White House proposal.
Indian Land Claims (continued)

In Maine, the week began and ended with headlines on the subject. Senator Hathaway lashed back at Governor Longley’s criticism of Hathaway’s defense of the White House plan. (One piece of Washington gossip is that the Governor says he’s so mad at Hathaway that he may challenge him for re-election.) At the end of the week, the governor of the Passamaquoddy tribe told a University of Maine audience that thousands of jobs would be created if the Indians get the lands of the paper companies -- who can go on working for the Indians. He and Wayne Newall, one of the Indian negotiators, also went on television. On March 12 they will appear on the WABI-TV program "Follow Up".

The Indians said the companies were misleading the unions collecting signatures on post cards opposing the White House plan. Leaders of the campaign from East Millinocket and Millinocket say presidents from 15 union locals (railroads, state employees, etc., as well as the paper industry) turned out for a March 4 meeting in Augusta. They considered the session a success.

Copies of many letters to the Governor and members of the Congressional Delegation written by suppliers were received during the week.

An editorial broadcast over WCSH-TV in Portland defended the landowners such as Great Northern: "They bought their land in good faith under today's law. Nobody should have to pay exorbitant sums....and to lay the mess at the doorstep of 14 large landowners is the biggest injustice we can think of." Another Portland station, WGAN-TV, suggested that the proposal be studied rather than rejected out of hand. WGAN-TV also asked viewers for their opinion on the question "Should the paper companies sell land to the Indians at five dollars an acre, as proposed by the Presidential Task Force?" The phone calls in response were tabulated as follows: Yes, 265 and No, 1858 (87.5 per cent). Henry Magnuson, executive director of the Paper Industry Information Office and former television news director, cautions that the manner in which the poll is taken permits a person to call in more than one answer.

Although letters sympathetic to the cause of the Indians started appearing in the Maine press, most observers still feel public opinion is still heavily against the White House proposal.

WASHINGTON

At the Washington API committee meeting (also attended by Fred Ernst of Great Southern and Bill Tolley of Nekoosa) there were frequent references to the problems of the Carter administration. Opinions of paper industry lobbyists ranged from "they are in worse shape than they were two months ago" to "thank God they are botched up -- it's making our job easier."

On major issues, there were these reports:

Energy -- Senate Finance Committee Chairman Long is quoted as saying the crude oil equalization tax is dead. Long says people don't want any more tax boosts after the Social Security legislation. If a natural gas compromise is worked out, API's Chuck Wilson sees a scaled down tax package: "There's a slim chance for a user tax....a gas guzzle tax is quite likely....maybe incentives for insulation and one or two other things." Wilson and
Washington (continued)

Two other veteran "energy watchers" -- Westbay and Mike Kelley of Union Camp -- say the turn of events means it will be tougher to get anything considered -- including hydroelectric power facilities. No date has been set for action on the tax package. First must come the natural gas compromise.

Tax Reform -- Mostly tax cuts are predicted. Speaking on behalf of API, Jim McSwiney of Mead told the House Ways and Means Committee on March 6 that the administration program doesn't go far enough.

Humphrey-Hawkins -- This bill with its promise of full employment is opposed as a "crude hoax" by API. Despite overwhelming Democratic support, there's hope it can be derailed.

Labor -- The Labor Reform Act is likely to get lost in the rush with so much opposition in the Senate.

Looking Ahead

Observers in Augusta are expecting a big turnover in the Legislature. As many as 14 Senate seats and 30 House seats may be vacated. Senators Collins of Caribou, Cummings of Newport and Curtis of Orono are saying they will retire. Representative Rideout of Mapleton is quitting to run for county office.

Public Relations

Herb Cleaves of the Bangor Daily News called March 2 and March 6 with questions regarding the use and transportation of chlorine. With help from Glen Wiley of Research we answered his questions and also told him of the Company's hazardous substance contingency plan for the Millinocket, East Millinocket and Medway area....Paul Porter, a stringer from the McGraw-Hill publications, had questions regarding the Indian Land claims... Chris Spruce of the Bangor News called March 10 to follow up on a Bangor News story from Fredericton, N.B., quoting Canadian woodsmen as saying Maine companies were paying $53 to $62 per cord. After talking with Bob Bartlett, I declined to talk prices. I confirmed that Great Northern was continuing to buy wood in New Brunswick from contractors we have been doing business with for several years, more in 1978 than in 1977. Spruce already had learned that the figures were based on Canadian dollars. He said another paper industry official had told him $42 to $45 was a better idea of the price now being offered. There is apparently a wood surplus in northern New Brunswick and Maine firms are buying more wood than they used to buy....An advertisement was placed in the March 5 Maine Sunday Telegram forestry supplement, marking a New England Society of Foresters regional meeting in Portland....Joe Filipowicz of WGBH-TV (the public television station in Boston where programs such as Arthur Fiedler at the Pops and Crockett's Victory Garden originate) will visit the West Branch region on March 14. He's planning a documentary film on logging. He calls it an "oral history" with people telling the story....The Maine Forest Products Council is planning a communications seminar April 13 in Waterville. Council directors approved the session at a meeting in Waterville March 2.
### The Legislature At-A-Glance

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With 42 of the session's scheduled 50 days behind them, legislators are moving on key issues.

On March 6, the proposal to have the Land Use Regulation Commission regulate the construction of logging roads was withdrawn by its sponsor. The Natural Resources Committee has proposed a study of sedimentation and erosion. If the study is approved, it will duplicate another study nearing completion under the Federal Water Pollution Control Act.

On March 10, the Senate gave preliminary approval to establishing the Maine Corporation Takeover Bid Disclosure Law. It is a bill drafted at Great Northern expense and supported by AIM. The Business Legislation Committee put an emergency tag on it. If passed with a two-thirds majority in both houses, it will become law immediately upon being signed by the Governor.

With little fanfare, the Governor signed a $173 million state aid for education package replacing the repealed State Uniform Property Tax. Mrs. Mary Adams, leader of the repeal advocates, called it a "spare tire" and not the final solution. She says state valuations also have got to be eliminated.

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 17:

IMPASSE?

Republicans in the Legislature want a permanent 4 percent reduction in the personal income tax and a two percent reduction in the corporate income tax.

Democrats favor a $30 payment to each homeowner and $20 to each renter of a homestead, property tax relief.

Republicans want $20 million in cuts, Democrats $12 million.

With only a few days of the session remaining, they were deadlocked. What's going to happen? Lynwood Hand predicted Friday that the Legislature will adjourn without doing anything about tax relief. If that happens, he says Governor Longley will call for a special session just before the June primaries and put the Democrats on the spot, accusing them of blocking tax cuts.

Even if the Governor and the Republicans get their way and there is tax relief for business as well as homeowners, it won't be of the scope indicated in the March 10 newsletter. The proposal for exempting logging equipment from the sales tax will cover only the difference between the price of the purchased vehicle and the sale price of the one taken in trade. The revenue loss would be $200,000 -- not the $1.2 to $2 million earlier talked about.

Friday the legislators decided to take Monday off to allow the paperwork to catch up with the session's progress.
The Maine Corporation Takeover Bid Disclosure Law initiated by Associated Industries of Maine but strongly supported by Great Northern was approved in the Legislature on March 17 and sent to Governor Longley for his signature.

Not a word was spoken on the bill as it advanced through both houses of the Legislature. It will become law when signed by the Governor.

The general appropriations bill also was being considered by the Legislature. It contains the funding for the spruce budworm spray program recommended by the State Department of Conservation and sets the rate for the special tax which finances most of the state share. The excise tax will be 37 cents an acre on softwood forest land in 1978 and 38 cents in 1979 and 18½ and 19 cents per acre on mixed woodlands. It also contains $300,000 for new firefighting equipment for the Bureau of Forestry.

The bill creating a tax district for the unorganized territory got preliminary approval in the House but was tabled in the Senate to permit attorneys to evaluate amendments.

An order calling for a study of the Tree Growth Tax Law was submitted by Representative Carey, chairman of the House Taxation Committee.
MESSAGE FOR DEP

One of the most talked about votes of the legislative session occurred on March 1. A proposal for a study to determine whether the State Department of Environmental Protection should be abolished and its responsibilities turned over to local governments was barely defeated, 69-61. A motion to reconsider lost only by two votes. (The text of the debate is attached.) In the March 17 issue of Maine Times, an analysis of the development was headlined "A surprise vote....The House sends the DEP a Message". Hank Warren, the new DEP commissioner, told the environmental weekly that he attributes the criticism to the fact that regulations which have been on the books for years are finally being enforced. Lynwood Hand said if the House had been voting on LURC instead of DEP, the abolishment study might have been passed.

THE INDIAN LAND CLAIMS

Governors of the Passamaquoddy and Penobscot tribes and a member of the Indians' negotiating team appeared on the WABI-TV program "Follow Up" on March 12. They defended the Indians' offer to settle the land claims. They stressed they must acquire land to become self-sufficient but said a land base also would generate many new jobs for whites. They made it clear they would prefer dealing with only the Federal government once they get the land. Governor Longley was criticized frequently. If the state and the large landowners don't accept the current offer, the Indians said they are confident the courts will uphold their claims -- and they have nothing to lose in a long drawn out battle.

On March 14, the news department of the Maine Broadcasting Company with stations in Bangor and Portland, asked this question in a public opinion poll:

"Should the State of Maine agree with the White House for a settlement with the Indians or should the issue go to court?"

Of 415 persons surveyed (a majority were female), 248 or 60 per cent preferred a court decision while 138 or 33 per cent agreed with the White House plan. The rest were undecided.

On March 16 the Committee for a Negotiated Settlement said in a news release "the Indians' point of view doesn't seem to be presented by radio and television and the newspaper media in the same light as the state and paper companies' case." A spokesman said the group will seek to educate the public on the issue. Frank Kadi, the spokesman, a Pine-land Hospital staff member, said the Committee has 20 members including two state representatives, Larry Connolly and Gerry Talbot, both of Portland. Kadi says the latest offer is fair and reasonable. Wayne Newall, the articulate negotiator who appeared on WABI-TV with the tribal governors, will make a speech Monday night at a Portland meeting of the committee.

The next day a letter appeared in the Bangor Daily News from Andrew Adkins, chairman of the negotiating committee charging the proposal has been "misinterpreted" and challenging the State of Maine to guarantee the rights of the large landowners involved. He said the April 10 deadline will stand, if the Indians do not agree on an extension.
The Indian Land Claims (continued)

In the Bangor Daily News on March 16, John Day reported from Washington that Congressman Cohen had told Attorney General Bell at a committee hearing that the Justice Department has a conflict of interest in the matter. It's representing the Indians. The department also must represent the federal agencies which own land in the state. According to Day, Bell contended he isn't sure who represents the United States. The Attorney General knows his department is representing the Indians.

LETTERS, LETTERS, LETTERS

In response to the advertisement published in 16 Maine daily and weekly newspapers, nearly 250 people wrote asking for copies of Great Northern's position on the Indian claims issue. The requests came from 120 towns and cities. A breakdown shows 24 came from Portland, 16 from Bangor. We also had requests from nine other states and from Puerto Rico.

Copies of letters from suppliers and customers continue to arrive. We have so far logged 102 to members of the Maine Congressional Delegation.

Over 8,500 copies of Bob Hellendale's letter to employees went to customers, suppliers, stockholders, legislators, members of Congress (many besides the Maine delegation), town officials, businessmen, labor leaders, trade association members, educators and others.

PUBLIC RELATIONS

Roger Boynton guided Joe Filipowic of public television station, WGBH-TV, Boston, on a tour of the West Branch region. He is researching a documentary film on yesterday and today in the logging business -- "an oral history" and not the politics of the issue, Filipowic said. Ted Condon, Nelson Levasseur, Tom Wildman, Les Hazelton and Henry Deabay also talked with the visitor. Great Northern will have the right of approval over a script.

Sincerely,

[Signature]

pmc/b
Enclosures (2)
The Chair recognizes the gentleman from Unity, Mr. Tozier.

Mr. TOZIER: Mr. Speaker and Members of the House: There is a fellow who might have wanted me to include LURC in this, but I figure that we can wait and do that at some other time.

The SPEAKER: The Chair recognizes the gentleman from Auburn, Mr. Green.

Mr. GREEN: Mr. Speaker, Men and Women of the House: I would just like to rise again to support this study order. If Mr. Tozier’s community is heavily influenced by environmental protection measures, I would sincerely suggest that he deal with those problems within the respective department and not issue an entire study order advocating the abolition of the Department of Environmental Protection.

I am sure if there are personality problems within the department, that can be dealt with, perhaps by dealing with other personnel within the department.

I think the biggest that towns, at least in my short period of time on the committee listening to the testimony, is quite a number of towns in the state. I think one of the biggest problems that they have experienced, and I think with just cause as well, is dealing with the Department of Environmental Protection. The town is a state agency that appears to be a big octopus of the state or monster of the state, a big bureaucratic monster that can’t be dealt with. But I think part of the problem is in the individuals that are there.

I certainly would hope that this House would not go along with this study.

The SPEAKER: The Chair recognizes the gentleman from South Portland, Mr. Blodgett.

Mr. BLODGETT: Mr. Speaker, I move the indefinite postponement of this order.

Whereupon, Mr. Conners of Franklin requested a roll call vote.

The SPEAKER: For the Chair to order a roll call, it must have the expressed desire of one of the members of the committee. All those desiring a roll call vote will vote yes; those opposed will vote no.

The SPEAKER: The Chair recognizes the gentleman from Westbrook, Mr. Lafiffin.

Mr. LAFFLIN: Mr. Speaker, Ladies and Gentlemen of the House: I don’t see anything wrong with this order this morning. I think, in fact, it is a good order. This shows the state of people thronging people out of work, closing mills. They don’t seem to care about the situation where the people are taking home a paycheck or not. They are more interested in keeping the air clean and all these things, and all you have to do is go down to back bay at low tide and I can assure you that the stench is really bad. There’s nothing you can do about it. I see the environmentalists doing anything about that problem. But they will put a little mill out of work and put a hundred people out of work. They are always doing more in areas where they shouldn’t be anyway. I think it is a good order.

The Chair recognizes the gentleman from South Portland, Mr. Beaton.

Mr. BEATON: Mr. Speaker, Ladies and Gentlemen of the House: I really don’t think this is that funny, but apparently some of you do. I think a lot of the problems that Mr. Tozier’s town may have, and others are caused at the federal level. There are certain things that the Department of Environmental Protection must do to comply with federal law, and we are not going to change that by abolishing the DEP.

The Chair recognizes the gentleman from Auburn, Mr. Perou.

Mr. PEARSON: Mr. Speaker, Ladies and Gentlemen of the House: I am really blessed this morning because I just don’t understand why Mr. Tozier would put this order in. I know that he probably had some deliberation behind it. I think that the Committee on Fisheries and Wildlife, he introduced a bill, a bill was passed, to make it against the law to fish in his respective district’s settling pools. He has demonstrated an awareness and a concern for the environment in his district, and I don’t understand why he wants to do away with environmental protection all over the state.

The SPEAKER: A roll call has been ordered. The pending question is on the motion of the gentleman from Waldoboro, Mr. Blodgett, that this order be indefinitely postponed. All those in favor will vote yeas; those opposed will vote nays.

ROLL CALL


Yes, 69; No, 12. Absent, 20.

Mr. Tozier of Unity has voted in the affirmative and sixty-one in the negative, with twenty being absent, the motion does prevail.

The Chair recognizes the gentleman from Stonington, Mr. Greenlaw.

Mr. GREENLAW: Mr. Speaker, having voted on the prevailing side, I now move we reconsider Order 3. This order was indefinitely postponed and I hope you vote against me.

Whereupon, Mr. Tozier of Unity requested a roll call vote.

The SPEAKER: For the Chair to order a roll call, it must have the expressed desire of one fifth of the members present and voting. All those desiring a roll call vote will vote yes; those opposed will vote no.

A vote of the House was taken, and more than one fifth of the members present having expressed a desire for a roll call, a roll call was ordered.

The SPEAKER: The pending question is on the motion of the gentleman from Stonington, Mr. Greenlaw, that the House reconsider its action whereby this Order wa indefinitely postponed. All those in favor will vote yeas; those opposed will vote nays.

ROLL CALL
ABSENT: Austin, Carey, Connolly, Connolly, Connolly, Howe, Kelleher, LaPlante, Locke, Lynch, McMahon, Mills, Moody, Peakes, Pelletier, Plourde, Spencer, Talbot, Tyndale, Wilfong, Wood.
Yes. 64; No. 66; Absent. 20.
The SPEAKER: Sixty-four having voted in the affirmative and sixty-six in the negative, with twenty being absent, the motion does not prevail.
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 24 follows:

THE GUESSING GAME

Will Governor Longley run again?

That's a question dominating conversation in the spring of 1978 in Maine.

If he seeks a second term, the Governor is required by law to make the decision by April 1 (but because April 1 falls on a Saturday this year, he has until April 3).

When he first campaigned for office, Longley said he would serve only one term before returning to his Lewiston insurance business. In the last year, he has said he might change his mind. If he runs, most observers say they would make Longley the heavy favorite. (One candidate for major office says it's almost impossible to raise money: "People are balking at making decisions until they know what his plans are.") The Governor has polled "Longley's Legion" on the question. He's reactivated his "shadow cabinet" of close advisors.

People who follow politics and government differ in their opinion on what the Governor will do. At a March 21 meeting of the Government Affairs Committee of the Associated Industries of Maine, this question was asked of members: "Will Governor Longley seek re-election?" "Yes" said 9 members; "no" said seven members--including this writer and Lynwood Hand.

An Augusta man who frequently talks to the Governor says it is possible that the Governor may file--but will say he is only going through the motions to provide more time to consider the question. He could withdraw before the election.

Regardless of what the answer turns out to be, Maine politics will never be the same.
The Legislature
At-A-Glance

<table>
<thead>
<tr>
<th>Legislature Document</th>
<th>Subject</th>
<th>Committee</th>
<th>Legislature</th>
<th>Governor</th>
</tr>
</thead>
<tbody>
<tr>
<td>1984</td>
<td>Gives LURC jurisdiction over all logging roads</td>
<td>Natural Resources Committee: No, 13-0</td>
<td>Dead</td>
<td></td>
</tr>
<tr>
<td>1985</td>
<td>Establishes rules for operation of tepee burners</td>
<td>Natural Resources</td>
<td>Approved</td>
<td>Signed</td>
</tr>
<tr>
<td>2056</td>
<td>Takeover bid disclosure law</td>
<td>Business Legislation Committee: Yes, 13-0</td>
<td>Approved</td>
<td>Signed</td>
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<tr>
<td>2069</td>
<td>State valuation of industrial property</td>
<td>Taxation Committee: No, 13-0</td>
<td>Dead</td>
<td></td>
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<tr>
<td>2088</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>2159 (redraft)</td>
<td>Unorganized territory taxation</td>
<td>Taxation Committee: Yes, 13-0</td>
<td>Approved</td>
<td></td>
</tr>
<tr>
<td>2195 (redraft)</td>
<td>Appropriations, including spruce budworm funds</td>
<td>Appropriations Committee: Yes, 13-0</td>
<td>Approved</td>
<td></td>
</tr>
</tbody>
</table>

The second session of the 108th Legislature was limited by law to 50 days. Time was running out when a compromise finally was reached on tax relief. Adjournment followed at 5:30 a.m. on March 24.

Advocated by Governor Longley, tax relief had become an issue when Republicans took the initiative. Democrats balked at reducing the corporate and personal income tax, arguing that there wasn't enough money and the emphasis should be on property tax reduction. The final package provides $19.8 million in tax relief as sought by the Republicans -- but $5.7 million of it will come only if the surplus predicted by the Governor and Republicans materializes in the treasury on January 1, 1979.

As Lynwood Hand reports, the session was a successful one for the business community, and Great Northern.

Approved were two pieces of legislation drafted at Great Northern's expense. One was the tepee burner bill, establishing regulations to permit the continued operation of the wood waste burners under Maine air pollution laws. It was signed by the Governor. Now it's got to be accepted by the Environmental Protection Agency. The other was the corporate takeover regulation law, establishing disclosure requirements before controlling interest can be purchased in a corporation such as Great Northern Nekoosa. It also was signed by the Governor on March 24.

Killed were bills which would have given the Land Use Regulation Commission further controls over logging roads and would have provided state-level assessment of industries such as paper mills. Both were opposed by Great Northern. A legislative study of the sedimentation problem was authorized.
The Legislature (continued)

Also approved was a general appropriations bill providing funds for the 1978 spruce budworm spraying program. It was sent to Governor Longley along with another bill creating a tax district in the unorganized territory. This approach to taxation, combined with the repeal of the State Uniform Property Tax, means a reduction in overall taxes on timberlands for Great Northern. The tax relief package referred to earlier will benefit the Company to a lesser extent, reducing by one per cent the corporate income tax and providing for a rebate on a portion of the sales tax on logging equipment.

The Legislature will return to Augusta on April 6 to deal with any vetoes.

COUNTERATTACK

As reported in last week's newsletter, spokesmen for the Maine Indian tribes are speaking out in defense of the latest proposal to settle their land claims. They are continuing to do so. In addition, the annual report of Diamond International Corporation generated some unfortunate publicity -- a headline in the March 20 issue of the Bangor Daily News: "Diamond: acreage loss wouldn't hurt finances." The headline was based on a statement that loss of 78,000 acres "would not have a material adverse effect on the company's consolidated statements." Stung by the bad publicity, Diamond's management is writing all employees explaining why this was said -- and reaffirming the corporation's opposition to the proposed settlement.

In Portland on March 20, Tom Tureen, the Indians' attorney, said the state should offer to reimburse the large landowners if the case is lost. A news conference preceded a public meeting sponsored by the Committee for a Negotiated Settlement, supporters of the White House proposal. Tureen's Portland appearance resulted in an editorial in the March 23 edition of the Press Herald which accused him of sidestepping the issue of fairness. "Contrary to Attorney Tureen's nimble verbal footwork, the fundamental question is not whether the state should defend the landowners in court but rather why the landowners should be forced to make a defense at all."

In the Bangor Daily News on March 24, it was disclosed that the Native American Rights Fund has spent $229,000 on the Maine case. Over 80 percent of the money has come from the Lilly Endowment, Inc., created by Eli Lilly who pioneered in pain-killing drugs.

BRIEFINGS

Four groups were brought up to date on developments in the Indian land claim controversy at briefings in Millinocket on March 23 and 24.

Two dozen community leaders, adamantly opposed to providing land for the Indians, heard Bob Hellendale's report on March 23 at the guest house. The next day managers, union leaders and a "middle management" group were briefed. Union leaders were thanked by Bob for their effective campaign in support of the paper companies. The presidents of the Millinocket and East Millinocket locals, like the managers, were puzzled by the Bangor News story on Diamond's attitude. Management was also
Briefings (continued)

urged to rebut the Indians' claims that thousands of new jobs will be created if they get 500,000 acres of land. They also urged the Company to challenge the Indians talk that timberlands were "stolen" by industry.

Senator Hathaway requested a meeting with the union leaders -- who say they have 70,000 post cards for him opposing the White House proposal. It was scheduled for March 24 in Millinocket. Hathaway has had the solid support of Maine's labor unions.

COMING UP

Bob Hellendale, Jack Daigle of Casco-Northern and Jim Moody of Hannaford Brothers will take a look at Maine's economic climate in a panel discussion during the Governor's Conference on Economic Development on March 29 at the University of Maine in Orono....Al Tozier, Phil Cannella and Fred Morrison are planning to attend a March 29 meeting of the Tax Committee of Associated Industries of Maine in Augusta....Directors of the Maine Forest Products Council and the communications committee of Associated Industries of Maine meet the following day....On Friday and Saturday in Waterville, Colby College will be sponsoring its annual management institute.

GOVERNMENT AFFAIRS COMMITTEE

The government affairs committee of Associated Industries of Maine completed its first year of existence with a March 22 dinner in Augusta. It's composed of the lobbyists and other people in industry dealing with government relations. The reorganization of the Department of Manpower Affairs was discussed and it was decided to submit the names of Richard Morin of Augusta and Rod Farnham of Hampden (if Rod agrees) for consideration by the Governor for the post of commissioner and industry member of the Employment Security Commission. The legislative session was reviewed. The committee will meet monthly during the off season.

ELSEWHERE

Radio announcements are being sponsored urging caution on the Golden Road during the period when trucking is taking place at night and also urging people to report on firewood cut during 1977....Contributions were made to the Fort Kent Knights of Columbus and Van Buren Rotary Club by Pinkham Lumber....The Millinocket Music Boosters, East Millinocket PeeWee basketball team, Stearns High School sports banquet, Maine Sports Hall of Fame, American Cancer Society and Girls State got contributions from Great Northern in recent weeks....The Millinocket Town Council passed a resolution calling on the Federal government to accept "sole responsibility" for any settlement with the Indians....The State Chamber of Commerce also has taken a similar stand....William Fernald of the State Department of Transportation discussed a proposal for developing a new container port at Searsport at a meeting of the Committee of 50 in Bangor March 23. The next session of the Legislature will probably consider the $40 million proposal.

Sincerely,

Paul
DIAMOND REASSERTS CLAIMS STAND

"We simply cannot afford to part with 82,000 acres (of timberland) in Maine and continue to maintain our present level of operations," William J. Koslo, president of Diamond International Corporation, has written in a special communication to Maine employees of the company.

Koslo's remarks follow a published report which suggested that Diamond anticipates no adverse impact from a settlement based on the current Carter Administration proposal.

"While it is true that in viewing Diamond as a national corporation, this financial loss could be absorbed... the total impact of this acreage loss would be concentrated in a limited area in Maine, and in that area, the effect would be disastrous," he said.

Support Grows

Meanwhile, organizational support for the large landowners has been growing around the state. The Maine Forest Products Council, Associated Industries of Maine and the Maine State Chamber of Commerce have expressed their opposition to the settlement.

The Chamber of Commerce described the settlement as "morally and legally indefensible" and its directors voted unanimously to oppose any attempt to transfer the economic burden of the settlement to private landowners.

Also, the United Paperworkers International Union has undertaken a postcard campaign and made petitions available throughout the state, all directed at bringing a grassroots expression of opposition to the Maine delegation in Congress.

G-P WINS ENERGY AWARD

Georgia-Pacific Corporation, which has achieved 56% energy self-sufficiency in its Maine manufacturing operations, has taken top honors in its category with Maine Central Power Company in the first annual State Conservation Award Program.

Sponsored by the Maine State Energy Office and Associated Industries of Maine, the program has been designed to recognize efforts at energy management within the business-industrial community.

The most dramatic part of G-P's energy program has been the installation of a 10 megawatt generator in conjunction with a hog fuel boiler at the company's Chip 'n Saw mill in Woodland. This arrangement has allowed the sawmill to become totally energy self-sufficient, producing enough surplus energy to deliver supplemental power to the neighboring pulp and paper operations.

Wayne Dunn, manager of the G-P sawmill, accepted the energy award from Gov. James B. Longley at the fifth annual Governor's Economic Development Conference in Orono.
A new survey of Maine’s pulp and paper industry, conducted by the Paper Industry Information Office in Augusta, reflects modest growth over last year, following completion of several major expansion programs.

Most visibly, two new paper companies are in Maine—Madison Paper Corporation, which succeeds the defunct Kennebec River Pulp and Paper Company; and James River-Otis, Inc., a Virginia-based firm which has taken over International Paper Company’s Otis Mill in Jay.

Employment is up to 20,056, a slight gain over the previous year; and pulp and paper production capacity now stands at 3.05-million and 3.4-million tons per year, respectively.

There are 18 pulp and 21 paper mills listed in the state.

Scott Paper Company has donated 22,083 acres of timber and grass rights to the State Bureau of Public Lands, bringing to nearly 250,000 acres the public lots on which the State of Maine retains wood harvesting rights.

At the same time, the Legislature approved an exchange between the state and St. Regis Paper Company, involving 17,000 acres. Transactions, approved by the Legislature last spring, between the state and Diamond International Corporation and Dead River Company, involving 11,115 acres, have been closed.

About 140,000 acres of timber and grass rights on nearly 400,000 acres of public reserved lands remain in private ownership.

“One of the most prevalent criticisms of paper companies is that they’re so powerful they can ignore many of the issues that nip at their feet,” wrote Marshall Stone, editor of the Bangor Daily News, following a “media day” hosted by Fraser Paper, Ltd.

“This is changing obviously,” Stone continued; and he noted the attitude of openness at Fraser as well as Great Northern Paper Company’s response to the Indian claims settlement.

Great Northern Paper Company is considering development of new energy sources.

The installation of a large bark burning boiler at the Company’s East Millinocket pulp and paper mill is being evaluated. Depending on the size of the boiler, it would be a $10 to $15-million project. Bark is now used for this purpose in the Millinocket mill.

Also being considered is the installation of a turbine which would permit generation of electricity at the Pinkham Lumber Company’s mills near Ashland. A $3.8-million bark boiler started up last year. Installation of the turbine would represent an investment of another $1-million.

A feasibility study for a new hydroelectric facility on the West Branch of the Penobscot River is scheduled to be completed this summer. Construction of a project would conflict with the recommendations in a Federal study recommending designation as part of the National Wild and Scenic Rivers System.
Georgia-Pacific Corporation received 6,000 cords of veneer logs from Chile for its McAdam, N.B., plywood mill this month, following a two-week shutdown—the second this year—caused by a materials shortage.

Expanded procurement efforts in Maine and New Brunswick should ease the problem, a spokesman said, adding that additional shipments from Chile would be considered, if the situation does not improve locally.

Diamond International Corporation has announced plans for a retail outlet—lumber and construction materials—in Augusta.

Construction on the $400,000 building is scheduled to begin this month with an anticipated completion date of September.

Other Diamond outlets in the state are located in Bangor, Biddeford, Newcastle, Norway and South Portland.

Boise Cascade Paper Group Rumford Mill has announced plans for installation of a $3.1-million drum winder.

The new, 170-inch device will replace an older, two-drum winder and allow the company to meet customer demand for coated, high speed printing paper. This project is scheduled for completion in February 1979.

Georgia-Pacific Corporation has incorporated an 80-ton merchandizer into its harvesting operations to improve the efficiency with which raw materials are selected for its three Maine and New Brunswick mill operations.

Roughly one-third the size of a football field, the merchandizer is capable of traveling under its own power and processing and sorting tree-length logs for delivery as pulpwood, sawlogs or veneer logs.

One of the state’s leaders in complete utilization, G-P operates stud lumber, paper and pulp mills in Maine and a plywood mill in New Brunswick, each of which requires different raw materials.
EPA ORDERS MONITOR FOR DIAMOND TEEPEE

The U.S. Environmental Protection Agency has ordered Diamond International Corporation to install new monitoring equipment on a teepee burner at the company’s Houlton facilities, following a citation for air pollution violations last year. “The monitoring gear, along with added regulations for the operation of the burner, make the order almost impossible to comply with,” according to Raymo. J. Wood, corporate chief forester at Diamond.

Although the company is still studying the order, Wood said that air quality standards are so stringent here the best solution may be to sell the waste wood to others, who use it as fuel, and shut down the burner.

PULP & PAPER SHOW PROFIT FOR CMP

Central Maine Power Company has reported a 28% increase in kilowatt-hour sales in 1977, as a result of expanded pulp and papermaking activity in the State of Maine.

During the past year, most of the ongoing expansion within the industry came on line, including energy-intensive pollution abatement equipment.

At the same time the paper industry continues working toward a Federally-established goal to reduce consumption of fossil fuel and purchased electricity by 20% per ton of production by 1980.

EMPLOYEES OK AFTER GAS LEAK

About 30 employees at Boise Cascade Paper Group Rumford Mill have been given a clean bill of health after being exposed to chlorine gas fumes, following a pipeline separation in the mill’s bleach plant and pulp preparation department.

The accident occurred during an evening change of shift, when workers from other parts of the mill were walking through the area. Otherwise, there might have been no injuries at all, a company spokesman said.

GIANTS AMONG MAINE COMPANIES

According to the latest Forbes report on American industry, some of the country’s industrial giants are also part of the Maine economy.

International Paper Company is listed 68th among the nation’s 500 top companies—and recognized as the leader among forest products industries.

Also listed are Georgia-Pacific Corporation, Boise Cascade Corporation, St. Regis Paper Company, Scott Paper Company and Great Northern-Nekoosa Corporation.

IP DONATES ECONOMIC ED SERIES

International Paper Company has donated a video-tape/film series on economic education to be distributed statewide by the State Department of Education and Cultural Services.

Sponsored by the Joint Council on Economic Education and the International Paper Company Foundation, the 15-part series entitled “Trade-Offs” is designed for viewing by school children between the ages of 9 and 13.

FOUNDATION AWARDS SCHOLARSHIPS

The University of Maine Pulp and Paper Foundation has announced the awarding of $59,000 in scholarship aid to 122 University of Maine students.

Awarded for the current academic year to UMO students, preparing for paper industry and related careers, these awards bring the foundation’s support of UMO students to $1.4-million.

PAPER INDUSTRY SLIDE PROGRAM

An overview of Maine’s paper industry is presented in a 14-minute, narrated color slide program produced by the Paper Industry Information Office, which is accepting dates for showings to organizations and school groups. Inquiries should be directed to the office at the address shown on the front of this newsletter, or by telephone call to the office—622-3166.
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 7:  

**STILL ON THE FRONT PAGES**  

Stories regarding the Indian land claims continue to appear on the front pages of Maine newspapers. It's hard to recall an issue which has commanded this much interest from the press for so long a period of time.  

A. Stephens Clay, a member of the White House work force, came to Maine on March 30 and urged a negotiated settlement based on the latest proposal which would protect the property rights of 350,000 landowners. He said the Indians have a 50-50 chance of winning. The following day Governor Longley said he wished the President would "keep his bleeding heart liberal lawyers at home. This is an attorney, so I'm told, who has never tried a case. We want people like that to keep out of Maine and stop telling us about 50-50 chances."

The last two weeks also saw Senator Muskie say that any politician who makes a proposal to settle the issue would find himself "a target as President Carter found out."

The Senator is still hoping for counterproposals from the 14 landowners and the State. Attorney General Brennan finally got the answers to the questions he sent to the White House in January. Brennan, a few days later, accused the Federal government of letting attorneys for the Indians delete documents which would have hurt their cause from the material sent to Justice Gunter in 1976. Bill Koslo, Diamond International's president, wrote employees that it would be disastrous for the company's operation in Maine if the Indians get 82,000 acres of Diamond timberlands. The Indians stepped up their public relations campaign and acquired new allies, the American Friends Service Committee. A newspaper in Waterville backed off from a stand against a negotiated
Front Pages (continued)

settlement and the Indians hailed this change in position. The two
groups held a seminar for legislators but there wasn't much interest
in it at the State House. Cohen told newsmen April 5 he is drafting
legislation to send a Supreme Court ruling on the applicability of the
non-intercourse act to the Maine Indian claims. His goal would be a
quick answer from the Court on the critical question.

Members of the Maine Congressional Delegation will soon have received
40,000 post cards opposing the White House plan -- the result of a
campaign by unions representing workers in the Great Northern mills.
They've had support from locals in other pulp and paper mills in Maine.
Bangor Daily News Washington Bureau Chief John Day in an April 1 column
said the unions' pressure had forced Senator Hathaway to back off from
supporting the White House plan. Hathaway met with the union leaders
in Millinocket March 24. (In Washington on April 6, Hathaway said his
mail was running 20-1 against the proposal and he was finding opposition
everywhere in Maine as he campaigns.) The presidents of the 14 Millinocket
and East Millinocket locals also took several thousand post cards to
Senator Muskie when they met for 1½ hours in Presque Isle. Next week
they have an appointment with Congressman Cohen.

Unless there is an extension granted (and the Indians still haven't agreed),
the deadline for the State and the 14 landowners to formally answer the
White House is April 10. If there is no extension, the White House is
expected to send a bill to Congress requesting $25 million be appropriated
to settle the claims against the small property owners.

A QUESTION MARK

Senator Jackson of Washington is chairman of the committee seeking a
compromise on the natural gas issue. At an April 6, U.S. Chamber of
Commerce breakfast in Washington, Jackson said there "was a good chance
of an agreement in the next few days." As important as the energy pro-
gram, Jackson said, is the "perspective in which our friends abroad (and
the people in Podunk) see us." Officials in Washington are divided over
chances for passage of an energy program -- at least in the form proposed
by President Carter. Hathaway says the Senate would split the program
into different parts and approve the portions on which there is agreement,
but the House opposes the idea. Jack Norman, Hathaway's able assistant,
is pessimistic: "I don't believe they will be able to get to do it."
At a meeting of the Government Relations Committee of the American Paper
Institute on April 6, there also was pessimism. Sol Mosher of Crown
Zellerbach said there were strong indications that "if something doesn't
happen by next week, the program is dead." Mike Kelley of Union Camp
said there is considerable work left to do on the final drafts of the
three parts of the program on which the House and Senate have agreed --
conservation, utility rate reform and coal conversion. Kelley predicted
that the "user tax" is dead.

OIL IMPORT FEE?

When somebody asked Senator Jackson about reports that the President
would consider imposing a fee on imported oil (he can do it without
Congressional approval), Jackson ducked the question. Later Hathaway
said that the New Englanders were ready to fight the President if necessary.
It would be an alternative to the energy program bogged down in Congress.
A $5 fee on each barrel of oil would increase costs to Maine consumers
by $40 million, one source estimated.
On Friday, March 31, Governor Longley ended the Great Maine Guessing Game. He issued a statement saying he would not seek reelection, or be a candidate in 1978 for other office. That night at the Colby Institute for Management, the Governor was cheered by the over 200 businessmen at a banquet. Institute Chairman Ben Haug (a Scott vice president) summed up the view of the vast majority in introducing Longley when he said he wished it wasn't so.

The politicians were delighted. With Longley out of the picture, the candidates will step up the pace of the primary campaign. Hopefully people will start contributing funds. Politicians say many were holding off awaiting Longley's move.

Primary elections -- when Republicans and Democrats pick their candidates to run in November -- June 13. A list of candidates for major offices and for Northern Maine seats in the Legislature is attached to this newsletter. A surprising number of people are seeking public office. There are more independent candidates than usual.

A quick look at the fields:

Governor -- "Right now Joe Brennan has a commanding lead over Phil Merrill," says State Senator Charles Pray of Millinocket -- a Merrill supporter. The Attorney General has been around longer. He's got a lot of publicity (mostly favorable) as a result of the Indian land claims. Merrill managed Senator Muskie's campaign in 1976. He's regarded as a bright Portland liberal. Former Waterville Mayor Richard Carey is ranked third by most observers. House Minority Leader Linwood Palmer is thought to be the Republican frontrunner -- "a businessman the business community should support" according to Lynwood Hand, Great Northern's legislative counsel. Charles Cragin, a former lobbyist who quit practicing law to run for Governor, and Senate Majority Leader Jerrold Speers are the others in the race. Cragin will be tough, observers say.

Senate -- Incumbent Bill Hathaway and challenger Bill Cohen are unopposed for nominations. Everybody agrees Cohen is also the frontrunner in the race for the seat held by Hathaway.

Congress -- When the primaries are over Republican Olympia Snowe and Democrat Mark Gartley are expected to compete for the Second District seat Cohen will be vacating. Jim Henderson of Bangor may give Gartley some problems. In the First District, Congressman David Emery is expected to easily win renomination. Former Nader Raider Dick Spencer and former consumer advocate John Quinn appear to be the leaders on the Democratic side.

While Longley will not be directly involved, his presence is bound to be felt in the campaign. It's evident Bangor Minister Herman Franklin is hoping to be "Mr. Independent". The Palmer forces are hoping for an endorsement. Palmer and Longley worked closely during the recently completed legislative session. Some people are speculating Longley may run for the U.S. Senate in 1982 when Senator Muskie will probably retire and former Governor Curtis may make a bid to regain a political office.
THE SHRINKING FOREST RESOURCE

While participating in a panel during the Governor's Conference on Economic Development in Orono on March 29, Bob Hellendale focused on the increasing pressures to withdraw timberlands from the state's commercial forest base. The session attracted 300 people. Excerpts from the speech are being reprinted and will be distributed in the next several days.

A MINERAL "DISCOVERY"

"Conservation Commissioner Richard Barringer says substantial finds of copper and lead have been made in Maine, and the value is potentially in billions of dollars. Barringer said the find was made on Great Northern Paper Company land, 20 miles west of Ashland in Aroostook County."

---The Associated Press

After the mining company exploring on Company lands in Aroostook put out a news release, inquiries came from several radio stations and newspapers. Calls came from the Associated Press and United Press, from radio stations WGAN, WCSH and WMKR and from the Bangor Daily News. A release drafted in Stamford was ready when the telephones started ringing.

THE LEGISLATURE

A veto of a bill to refund money lost to cities and towns under the Tree Growth Tax formula was overridden April 6 when the Legislature reconvened for a day in Augusta. Lynwood Hand said that the bill had the unanimous support of the Senate membership and all but ten of the 140 members of the House on hand for the day.

COMING ATTRACTIONS

Bill Adams, former state commissioner of environmental protection who now heads Region 1 of the Environmental Protection Agency, will be among the speakers at the Pulp & Paper Foundation annual meeting in Orono. He and John Whittaker of Union Camp will discuss government regulation of industry at 2 p.m. on April 13.

On April 14 Eliot Cutler will speak at Husson College at 8 a.m. in the business breakfast series. He was one of the three members of the White House Indian Land claims task force. He's a Bangor native.

GNN ANNUAL REPORTS

Copies of the GNN annual report were mailed to the Maine press and public officials with a news release saying the corporation "will not accept" the Indian land claims proposal.

Sincerely,

Paul

pmc/b

Enclosure
### The Candidates -- June 13 primary elections (1)

#### Democrats

- **Governor:**
  - Joseph Brennan, Portland
  - Richard Carey, Waterville
  - Philip Merrill, Portland

- **U.S. Senate:**
  - *William Hathaway, Auburn

- **Congress-First District:**
  - Sandy Maisel, Clinton
  - John Quinn, South Portland
  - Richard Spencer, Standish

- **Congress-Second District:**
  - Markham Gartley, Beaver Cove
  - James Henderson, Bangor

- **State Senate**
  - District 24:
    - Earl Baldwin, Orrington
    - *James Peakes, Dexter
  - District 25:
    - Louise Shindler, Bangor
  - District 26:
    - Patricia Clark, Orono
  - District 27:
    - *Joseph Sewall, Old Town
  - District 30:
    - *Charles Pray, Millinocket

#### Republicans

- **Governor:**
  - Charles Cragin, Falmouth
  - Linwood Palmer, Nobleboro
  - Jerrold Speers, Winthrop

- **U.S. Senate:**
  - William Cohen, Bangor

- **Congress-First District:**
  - *David Emery, Rockland
  - Guy Marcotte, Biddeford

- **Congress-Second District:**
  - Olympia Snowe, Auburn

- **State Senate**
  - District 24:
    - William Barron, Hampden
    - Ralph Brooks, Newport
    - David Downing, Orland
    - Jerome Emerson, Corinna
    - Robert Goodwin, Hampden
  - District 25:
    - Howard Trotzky, Bangor
  - District 26:
    - Dana Devoe, Orono
  - District 27:
    - *Joseph Sewall, Old Town
  - District 30:
    - Woodrow Mercier, East Millinocket

#### Independents

- Joseph Antonitis, Orono
- Herman Frankland, Bangor
- Julius Gwazdosky, Augusta
- Mary Mayo, Augusta

- Hayes Gahagan, Winthrop
- John Jannace, Falmouth Foreside
- Plato Truman, Biddeford
- David Madigan, Topsham
- Robert Burmeister, Lisbon
- Margaret Cousins, Bangor
- Robert Cousins, Bangor
- Eddie Shurtleff, Rumford
- Frederick Whittaker, Bangor
- Woodrow Mercier, East Millinocket
### The Candidates -- June 13 primary elections (2)

<table>
<thead>
<tr>
<th>Democrats</th>
<th>Republicans</th>
<th>Independents</th>
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<tbody>
<tr>
<td><strong>State Senate</strong></td>
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<tr>
<td><strong>District 31:</strong></td>
<td>Frank Hussey, Presque Isle</td>
<td>James McBrairty, Perham</td>
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<td><strong>District 32:</strong></td>
<td>*Roland D. Martin, Frenchville</td>
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<td><strong>District 33:</strong></td>
<td>*Michael Carpenter, Houlton</td>
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<td><strong>State House of Representatives</strong></td>
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<td><strong>District 7:</strong></td>
<td>Richard McKean, Limestone</td>
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<td><strong>District 8:</strong></td>
<td>Diana Adamson, New Sweden</td>
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<td>Gordon Dixon, Stockholm</td>
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<td>Forrest Nelson, New Sweden</td>
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<td><strong>District 9:</strong></td>
<td>William McGary, Caribou</td>
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<td><strong>District 10:</strong></td>
<td>*Philip Peterson, Caribou</td>
<td>Iftikhar Khan, Caribou</td>
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<td></td>
<td>Quentin McCubrey, Caribou</td>
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<td><strong>District 11:</strong></td>
<td>Kenneth Matthews, Caribou</td>
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<td></td>
<td>Robert Akeley, Presque Isle</td>
<td>Mary MacBride, Presque Isle</td>
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<td><strong>District 12:</strong></td>
<td>Larry Dicker, Mapleton</td>
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<td></td>
<td>Donald Gardner, Presque Isle</td>
<td>Bruce Roope, Presque Isle</td>
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<td><strong>District 13:</strong></td>
<td>*Paul Violette, Van Buren</td>
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<td><strong>District 14:</strong></td>
<td>*John Martin, Eagle Lake</td>
<td>William Savary, Ashland</td>
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<tr>
<td><strong>District 15:</strong></td>
<td>*Reginald Plourde, Fort Kent</td>
<td>Robert Barry, Fort Kent</td>
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</tbody>
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The Candidates -- June 13 Primary Elections (3)

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<thead>
<tr>
<th>District 16:</th>
<th>Edward McHenry, Madawaska</th>
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<tbody>
<tr>
<td>District 17:</td>
<td>Luman Mahany, Easton</td>
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<tr>
<td>District 18:</td>
<td>John Kingman, Smyrna</td>
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<td>District 19:</td>
<td>Frank Peltier, Houlton</td>
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<td>District 20:</td>
<td>Laurel McNelly, Dyer Brook</td>
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<tr>
<td>District 71:</td>
<td>Herbert Clark, Millinocket</td>
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<tr>
<td>District 72:</td>
<td>Evelyn LeBlanc, East Millinocket</td>
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<td>District 76:</td>
<td>Robert MacEachern, Lincoln</td>
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<td>District 77:</td>
<td>Richard Davies, Orono</td>
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<td>District 78:</td>
<td>James Wagner, Orono</td>
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<td>District 79:</td>
<td>Michael Pearson, Old Town</td>
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<tr>
<td>District 80:</td>
<td>No candidate</td>
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<tr>
<td>District 81:</td>
<td>Fern Cummings, Edinburg</td>
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</tbody>
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| District 82:         | Edward Lyden, Fort Fairfield |
| District 83:         | Elmer Whittaker, Jr., Westfield |
| District 84:         | Herschel Good, Monticello   |
| District 85:         | Carl Smith, Mars Hill       |
| District 86:         | Walter Birt, East Millinocket |
| District 87:         | Peter Briola, Lincoln       |
| District 88:         | Stuart Georgitis, Orono     |
| District 89:         | Katherine Gavett, Orono     |
| District 90:         | Stephen Turner, Holden      |
| District 91:         | Stephen Gould, Old Town     |
| District 92:         | Donald Strout, Corinth      |
THE CANDIDATES -- June 13 primary elections (4)

Democrats
State House of Representatives
District 82:
*James Dudley, Enfield
   Reginald Theriault, Enfield
District 83:
1st Precinct:
*Edward Kelleher, Bangor

2nd Precinct:
David Smith, Bangor

3rd Precinct:
Russell Christensen, Bangor
   Douglas Dickinson, Bangor

4th Precinct:
Patricia Stevens, Bangor

5th Precinct:
Charles Proctor, Bangor

District 84:
*Stephanie Locke, Sebec

District 85:

District 86:
*Donald Hall, Sangerville

Republicans

No candidate

*Swift Tarbell, Bangor

*Frank Carter, Bangor

*Angela Aloupis, Bangor

Robert Soulas, Bangor

Joseph Morin, Guilford

*John Masterman, Milo
Independents

Paul Hansen, Bangor

* Incumbent
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 14:  

HOMECOMING  

Eliot Cutler came home to speak at a Husson College Breakfast in Bangor on April 14. The associate director of the Office of Management and Budget has been in the news lately as one of the three members of the White House task force on Indian land claims. After joking about his declining popularity in Bangor, Cutler called for an out of court settlement of the issue. He said he hopes to see discussions among the Indians, the State and the large landowners during the next few weeks. If negotiations do not get under way, he said the White House will send a bill to Congress in May and the Federal government will go to court in June. Most of what Cutler said has been said many times before, Dennis Mills of the Bangor News wrote in a story which appeared in April 15 editions.  

Mel Leary, a free lance reporter in Augusta who has infuriated colleagues by his ability to call up the White House and get to talk to President Counsel Robert Lipshutz, did it again on April 12. Lipshutz said the White House would try to get negotiations started. On April 14, Leary said on public television that the Indians and Attorney General Brennan had told him they would take part in such talks. He also said that one paper company was considering participating. When I talked to Leary that day, I told him that we hadn't been invited to any meetings -- and that when and if we were invited, our attorneys would consider the matter.  

A letter explaining how Great Northern acquired its timberlands was sent to several newspapers on April 10.
Homecoming (continued)

On April 10, John Fery, president of Boise Cascade, sent a telegram to the White House rejecting the Indian offer, saying "Any attempt to shift the burden from the nation to a few of its citizens strikes us as being grossly unfair."

On April 14 representatives of the Millinocket and East Millinocket union locals took thousands of post cards to Bangor to present to Congressmen Cohen and Emery. They have now met with all members of the Congressional Delegation.

Weekend papers had headlined the news that the Indians had agreed to give the State another month to consider the latest offer. The next move is up to the Governor and the Attorney General.

"THE SHRINKING MAINE FOREST RESOURCE"

Copies of a booklet containing excerpts from Bob Hellendale's talk at Orono on March 29 were mailed to 1,500 salaried employees, directors of Maine trade associations, members of the American Paper Institute government relations committee, Maine businessmen, union leaders, state officials, legislators and others.

Representatives of Great Northern's unions plan to distribute the booklets at a regional conference in Madawaska next week.

MEETINGS, MEETINGS, MEETINGS

It was a week of meetings.

On April 11, directors of Associated Industries of Maine met at the Bath Iron Works Corporation. A proposal by new executive director Ron Colby to hire a staff attorney to work on legislative matters and a public affairs director to deal with publications and communications was approved by directors. It'll mean a staff of five for AIM.

On April 13, directors of the Maine Forest Products Council met at Waterville. They discussed the final report of the U.S. Department of the Interior on the West Branch. They have a policy of opposing land withdrawals.

On April 14, directors of the Paper Industry Information Office met in Bangor in conjunction with the University of Maine Pulp & Paper Open House. Morris Wing, the veteran woodlands manager of International Paper Company, said relations between the State and the owners of forest lands are at the lowest point he has seen them in his 30 year career. "It is very discouraging trying to work with Conservation Commissioner Barringer." Woodland managers will soon meet to consider policy on the budworm spraying program and other problems associated with the conservation department.

USER'S TAX COMPROMISE?

Senator Hathaway sent us a copy of a staff working draft of a possible compromise on the industrial user's tax proposed by the President as part of his energy program. The American Paper Institute also was circulating it and seeking comments. We asked Jerry Perkins and Paul Firlotte to evaluate its impact on Great Northern.
THE BUDWORM PROBLEM

Questions and adverse publicity continue to cloud the future of the State's budworm control program, complicated by the Conservation Department's desire to quit spraying after 1981. The subject was the theme of a two-part series on WABI-TV news with a representative of the Sportsman's Alliance of Maine saying they were doing research on chemicals involved. It was the subject of an editorial (supporting the Conservation Department) in the magazine of the Maine Audubon Society. The bulletin of the Natural Resources Council carried an article questioning if chemicals used in spraying have been adequately tested.

PUBLIC RELATIONS

Questions regarding a fire at the Pinkham Lumber Company mill came from a reporter from the Presque Isle Star Herald.

A report on Great Northern Nekoosa quarterly earnings was distributed to the news media.

Sincerely,

[Signature]

pmc/b
Enclosure (PIIO Newsletter)

Distribution:

E. E. Allain        T. H. Flanagan       O. J. Lombard       C. H. Reed
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                  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 April 29:

**POLITICS, THE PRESS AND THE INDIANS**

When Attorney General Brennan had breakfast on April 26 with the lawyer for the two Indian tribes which claim vast areas of the State of Maine, the results were headlines which Governor Longley later complained were "grossly inaccurate":

"Brennan shifts on Indian case"  
--- Kennebec Journal, Augusta

The big, black headline was based on a story which Augusta observers said was written by Peter Slocum of the Associated Press. (It was Slocum who detected something others did not at Bob Hellendale's press conference in Augusta on February 27. While most reporters dwelt on Great Northern's opposition to the White House proposal, Slocum interpreted the statement "we wouldn't rule out anything as a possible settlement" as "the first outright indication from one of Maine's largest landowners of a willingness to negotiate an end to the Indian claim.") When Brennan termed the breakfast meeting "important and significant," it resulted in an Associated Press story which said, in part, that Brennan "signaling a 'significant development' in the Indian land claims case" had "agreed to seek an out-of-court settlement." The Attorney General had also said that his position on the issue had not changed.

It was the week of the Democratic state convention --- the big splash in an election year. While candidates are selected in primaries, the political parties adopt platforms at the conventions. Political writers were predicting a big debate over three different proposed platform planks on the Indian issue. One was the work of Millinocket area Democrats, mostly Great Northern employees. They called for a Federal solution to the problem. (The presidents of the locals representing

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

Company employees met with Congressman Cohen April 14 and they are still talking about his warm response. "I love to say it...I am a Democrat...but Cohen said what we wanted to hear," said one who attended the meeting.

Brennan, of course, is the leader in the race for the Democratic nomination for Governor.

Kent Ward of the Bangor Daily News in a column on April 29 wrote, "It is no secret that a lot of Brennan's appeal in this particular political year has been his stance on the land claims issue. It plays rather well in Steuben, gets good reviews in Ellsworth, and draws sustained applause in Millinocket."

"So the Brennan people probably won't be snoozing through the entire platform debate, because what the convention does on the Indian claims issue may not have an affect on Joe Brennan, attorney general, but it could have an affect on Joe Brennan, gubernatorial candidate."

The tribes with assistance from The American Friends Service Committee continue to seek public support. Jim Mitchell, the former congressional candidate, has been hired by the Friends to advocate the Indians' cause. He is writing letters, making television speeches and plugging away --- getting some help from the clergy. The Maine Sunday Telegram (Maine's largest newspaper) is starting a three-part series on the Indians' history and their problems.

WASHINGTON MATTERS

I discussed the refunding of industrial development bonds and energy legislation with Jack Norman of Senator Hathaway's staff in a telephone call on April 24. Norman is the staff member who deals with the Senate Finance Committee's activities.

With guidance from Arnold Nemirow, we sent Hathaway a letter urging his support for legislation which will permit the refunding of industrial development bonds. A bill filed by Senator Curtis would eliminate Treasury Department restrictions imposed in November 1977. Norman indicated that Hathaway was sympathetic to the problems of corporations which had completed plans for refunding bonds prior to the Treasury's action. The bill got tentative approval on April 27.

Jerry Perkins drafted a letter reflecting his views and those of Paul Firlotte on a working draft of a compromise on the user's tax which was proposed by the President as part of his energy program. "Instead of a user tax, we favor the crude oil equalization tax. It would increase the oil cost to users in parts of the country now benefiting from prices that are controlled below world prices. Users in those areas would then be paying the same prices as users in the Northeast. The user tax would further penalize the Northeast consumers," said the letter.

Norman indicated that at that point he had seen no signs of the conference committee going back to work on the tax portion of the energy program. "Senator Long says he will be convinced that there is a compromise on natural gas when he sees signatures on the report," Norman says. "Until he does, I don't expect action on tax matters."
Jeff Duke of the American Paper Institute called on April 27 regarding the same subject. The API staff is getting ready for the committee to meet but doesn't have a date for the first session.

**The Budworm Headache**

Opposition to the budworm spraying program continues to command attention in the press and on television news.

Protect the Environment from Sprayed Toxins (PEST) has been organized by Mitch Lansky, an organic farmer sprayed by accident last year, who won a $5,000 out-of-court settlement. The group met April 23 on the University of Maine campus and pledged a fight against spraying. They said they didn't expect to block this year's program but hoped to build up support which eventually will force an end to spraying. Considering the fact that the State Department of Conservation is trying to get out of spraying, the problem for companies such as Great Northern increases.

We are seeking to get the involved landowners together to organize a program to save the spray program. It's the only way Great Northern is aware of to save the trees.

In addition to generating headlines from their meeting, Lansky held a news conference in Augusta. The health officer of Greenbush made headlines when he said spraying would be banned in the community (St. Regis is the largest landowner). The health officer was on all three of the Bangor television channels.

On top of these developments, the Natural Resources Council of Maine has sent the Department of Conservation a set of 30 questions regarding the spray program. Some people say the questions add up to harassment. Lloyd Irland, the pest control manager for the State, says he and others are "putting in some night hours" trying to provide answers which will prevent a confrontation with the State's biggest environmental organization.

**Public Relations**

David Bright of the Bangor Daily News called asking about the chemical composition of newsprint and what if any good would it do in the compost pile. With help from Research, I answered his questions.

Releases on Great Northern's plans to rebuild dams at Penobscot and Loon lakes appeared in the press as a result of releases from the Corps of Engineers.

A picture of Carl Reed and a leader in the University of Maine Pulp & Paper Foundation marking the establishment of the Great Northern Scholarship was distributed to the press. It's the first created by employees of a company.

We worked on an exhibit for the Great Northern Nekoosa annual meeting. Roger Boynton will take pictures at the May 3 meeting in Stamford

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 week ending May 5:

**THE DEMOCRATS AND THE INDIANS**

Largely ignored by the press which devoted most of its coverage to debates over the Dickey-Lincoln hydroelectric project and the question of financing abortion with state funds, the Indian land claims question kicked up considerable controversy at the Democratic state convention in Portland April 30.

Bud Millett, the East Millinocket union leader who has been serving as chairman of the unions' committee on the issue, was a delegate. He said there was surprising support for a pro-Indian platform plank. Millett and others from this area, led by State Senator Charles Pray, argued for a plank which was critical of the latest proposal made by a White House task force.

The only substantial account of what happened in Portland which has been published thus far appeared in the May 5 edition of Maine Times, written by Peggy Fisher:

"Once the delegates reached the Indian Land Claims amendment, they quickly voted down their earlier three minute speaking limit. The platform committee had tried to slip through a simple, general statement which essentially said nothing. In this case, the three gubernatorial candidates presented the problem, particularly Joe Brennan who as Maine Attorney General represents the state in opposition to the Indians. The other two candidates for governor, Spike Carey and Phil Merrill, both favor some sort of negotiated settlement.

"But the convention was not going to avoid the issue. An amendment was submitted calling for early resolution of the claims, for federal money 'to quiet title to private land in Maine,' for continuing negotiations, for the state to hold the Indians to their pledge to..."
The Democrats (continued)

guarantee a long supply of pulp wood from their acquired lands, and for any settlement not to cost any Maine worker his or her job. The package, while pro-Indian, had something for everyone.

"Former Congressional candidate Jim Mitchell argued passionately for this amendment, which included the turning over of some land to the tribes. He told the convention that the Indians have promised to sell their pulp wood to the paper companies. 'Where else would they sell it?' he asked. He spoke of the Democrats' traditional concern for minorities and twice called out, 'Where is my Democratic party?' He finished his dramatic plea by reading a statement which backed the Indian claims and then told delegates it was from the 1974 Democratic platform. The convention hall rose cheering for Mitchell's plea, the only standing ovation for anyone in the Saturday platform debates.

"Nevertheless, a few minutes later, the delegates defeated the amendment and passed another one.

"The one that passed was considered a compromise by some, but liberals clearly were unhappy with the plank because it urged the settlement be entirely financial and include no land. It stated, 'Given the possibility of severe economic impact on the State of Maine on claims large and small, it is the consensus of this convention that any settlement of the Indian land claims be limited to total federal responsibility, with no Maine lands involuntarily contributed....""

The issue, which has been on the front pages for weeks, lost ground to other news this week. Bangor and Portland newspapers reprinted a piece James Russell Wiggins wrote for the editorial pages of the Washington Post. The Ellsworth publisher used to be publisher of the Post. Paul Reynolds, editorial writer of the Bangor Daily News, wrote a column suggesting it is going to be difficult for Maine people to accept a negotiated settlement without a better understanding of the legal merits of the Indians' claim. The Indians won another friend in their public relations campaign. The Catholic chaplain at the University of Maine went on Bangor television to urge that the tribes get land. Linwood Palmer, the Republican candidate for governor, won some headlines when he issued a position paper calling for the "Federal government to bear the burden of settlement."

The next deadline in the case is May 10 when a State response is due to the White House proposal. That aspect of the situation as well as others have been covered in memorandum by Attorney Donald Perkins.

ANNUAL MEETING

With photographer Roger Boynton, I attended the annual meeting of Great Northern Nekoosa Corporation in Stamford on April 3. Roger took the pictures for the meeting report. A Great Northern exhibit was set up and staffed by Paul DeMarrais and I. It included the Baxter Text promotion exhibit which was used for a book show and exhibited in Millinocket. Also exhibited were a roll of monoprint, samples of GNP advertising, and the cubes with photographs of different aspects of the company which we have had in the Engineering & Research Building lobby.

Five releases were also prepared and distributed for the Maine news media on the election of GNN directors, and new officers of GNN and GNP.
This week copies of the Census of Maine Manufacture were mailed by the State Department of Manpower Affairs. The book reflects 1976 economic data. The book shows that people who work in the paper industry are the best paid people in Maine and the best paid of all are those in the Millinocket economic region. The 1976 average for the industry was $14,247. The average in the Millinocket area was $15,220. No. 2 was Ellsworth and Bucksport at $13,479 and No. 3 was Rumford at $13,003. While the statewide average for the lumber and wood products industry (logging and sawmills) was $8,736, the Ashland area reported a $13,801 average. In Aroostook only the papermill town of Madawaska was higher.

P.S. Thomaston continued to report the highest average gross wage in the state: $16,033.

**Too Tough Air Pollution Laws?**

At the annual meeting of the Maine District Council of Pulp and Paper Mill Unions in Millinocket on April 21-22, the following resolution was adopted:

"WHEREAS, the air pollution standards of the State of Maine exceed the Federal standards by a substantial margin.

"WHEREAS, this is causing a number of industries to look elsewhere in their consideration of expansion and new construction.

"THEREFORE, be it resolved that the Maine District Council go on record as being opposed to such stringent standards.

"BE IT FURTHER RESOLVED, that the Maine District Council strive to get the State standards lowered to equal Federal requirements."

The vote was unanimous.

**Public Relations**

I discussed the future of the West Branch and the Wild & Scenic Rivers program at a regional meeting of Garden Club members in Millinocket on May 4.

Information on the Indian land claims issue was provided Patricia Langan of Fortune Magazine.

Tim Elledge of the Portland newspapers called May 4 asking for employment data. The reporter was trying to figure which company is Maine's largest.

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 May 12:

**MAY 10**

That was the White House-imposed deadline for coming up with a proposal for settling the Indian land claims. When the day arrived, newspaper reporters in Washington quoted Presidential Counsel Robert Lipshutz as saying that everyone was allowing the deadline to pass because of "constructive talks" in progress.

The subject again was on the front pages of Maine newspapers. On Tuesday, Governor Longley went to Washington and proposed that the question be referred to the courts or a special tribunal for a settlement involving money but no state or private land. The next day the idea was opposed by the tribes. On Friday the headlines reported that negotiations had broken down on the question of Indian sovereignty -- a separate nation within the state's boundaries.

Seeking support, Governor Longley again turned to the East Millinocket and Millinocket union leaders. He called Bud Millett on May 11 asking for help in convincing the entire Maine Congressional Delegation that a unified front is necessary. Longley's proposals had been greeted by Congressmen Cohen and Emery but the press said Senators Muskie and Hathaway had reservations about the approach. Millett said he was going to ask the unions in this area and throughout the state to initiate petitions or a letter-writing campaign.

On May 10, the presidents of the 14 locals were honored at a Guest House buffet and thanked for their support by Bob Hellendale. He presented each with a letter expressing the Company's appreciation. During a question and answers session, several made it clear they oppose any special treatment for the tribes.
May 10 (continued)

In an interview in the Bangor Daily News on May 6, Attorney Donald Perkins, who represents Great Northern and other landowners, confirmed that landowners at the request of the Governor had shown the Indians that there is land available at "a proper price".

On May 9 I answered questions from John Day, the Bangor Daily News reporter in Washington. I told him that his newspaper had had all we had to say at this time in the interview with Perkins.

On May 11 I arranged with John Forssen of the Paper Industry Information Office to distribute to the wire services copies of a letter Perkins had sent the White House that formally rejected the February 10 proposal.

The next deadline? If there isn't a settlement, the Indians and the Justice Department have said they will go to court June 15.

**POLITICAL ACTION COMMITTEES**

On May 9, Arnold Nemirov and I met with Diane V. Brown of International Paper Company in Washington to discuss political action committees. (Arnold is covering the meeting in a separate memorandum.) The young lawyer is the secretary-treasurer of the International PAC which has 1,500 members who average $78 a year in contributions to political candidates. An old weapon of unions, PACs are growing in popularity in the business community. A committee provides a method for people involved in the management of a company to band together for political action. A PAC is under consideration for the Great Northern division. An IP 35 mm slide show on the subject was shown to a management group in Millinocket on May 11.

**THE WASHINGTON SCENE**

It was the week of the annual convention of the National Forest Products Association. As a result, the joint meeting of the government affairs committees of the American Paper Institute and NFPA attracted a big crowd -- approximately 150 persons. Nemirov joined me in Washington. Visitors included Wilbur Haymond of Belgrade and Lawrence Robbins of Searsmont, two lumbermen active in the NFPA.

Some observations:

**Energy** -- Talk of a compromise was premature. "Unless they get a natural gas agreement together, the tax portion isn't going anywhere," Sid Hawkes of Mead said. Incentives for hydroelectric projects, the burning of wood waste and co-generation are all in the tax portion.

**Taxes** -- Tim Westbay of St. Regis reminded the group that a year ago "we were talking about the Carter threat to do away with the capital gains treatment of taxes on timberlands. We've moved now to a position where we have a real shot of pre-1969 levels of corporate capital gains." The industry is also pushing for a new 10 percent investment credit for capitalized reforestation costs and a seven year amortization of these costs. "We are in the driver's seat," Hawkes said. "We are not just talking timberlands, we are talking equity," added Fred Webber of Scott, "and that's the key."
Forestry Herbicide -- The herbicide 2,4,5-T is an important forest management tool -- one Great Northern is planning to use to control weeds which retard growth in replanted areas. Environmentalists have likened it to a defoliant in Vietnam. The Environmental Protection Agency is reviewing its safety. The U.S. Department of Agriculture is requiring case-by-case approval on public lands. Keith Hundley of Weyerhauser warned it is building into an "enormous issue on Capitol Hill." Stan Hulett, the former API vice president who has been struggling with the issue in California, said the herbicide is "deadly on marijuana."

Labor -- "If we could kill the labor law reform bill, we probably would accept the Humphrey-Hawkins legislation," John Whittaker of Union Camp said. The No. 1 priority of the industry in Washington is killing the labor reform bill. A Senate vote is expected in the next several days.

Expansions

The paper industry was in the headlines this week. Fraser announced plans to spend $42 million to expand and modernize its Madawaska mill. The project will increase the company's annual groundwood production capability from 85,000 tons to 165,000 tons. Boise Cascade Corporation said on May 9 it would install a $60 million recovery boiler at its Rumford mill. Scott (backed by the Maine Audubon Society) asked that it be permitted to convert a Winslow boiler to burning wood rather than coal as proposed by the Federal energy department. (A copy of Scott Vice President A. J. Haug's statement at an Augusta hearing has been distributed.)

The Political Races

Voters in Maine will go to the polls on two occasions in 1978, the first time on June 13 when contested primary races will be decided. The winners will "go for broke" on November 7. At the age of 32, Senator Phil Merrill of Portland is the youngest man ever to seek to be governor. He's considered behind Attorney General Joe Brennan in the three-way race for the Democratic nomination in which State Representative Dick Carey is the outsider.

"I am going to catch Brennan and win the nomination," the confident State Senator said May 5 during a wide-ranging discussion of issues which he sought. He said he's going to take the paper mill towns. "It's a tight road to walk but so far I've got the unions and the Cianchettes behind me." (The Cianchettes are big contributors to candidates. They are non-union contractors.) Merrill pictured himself as a conservative, as a Democrat who knows people don't want more government. Merrill managed Senator Muskie's last re-election campaign and says he's using the same effective polling techniques this year. Former Governor Ken Curtis said on April 19 that "Merrill may make it."

Brennan is campaigning when he isn't tied up with his job as attorney general. That's a demanding job in times of the Indian issue. Brennan is also sensitive to the fact he's still on the state payroll and doesn't want to be accused of campaigning at the expense of taxpayers. When Brennan was in the State Senate, he was considered to be an ultra-liberal. That's been observed by the headline grabbing Indian matter. Merrill is trying to get Brennan's record discussed.
Political Races (continued)

Carey isn't attracting much support.

On the Republican side, a former lobbyist is picking up ground in the race for the gubernatorial nomination. "The question is how much ground he (Charles Cragin) has got to pick up," says Ron Colby of Associated Industries of Maine. Lynwood Palmer, minority leader in the House of Representatives is still considered the front runner. Cragin is in his early 30's; Palmer in his mid-50's. One pollster says the average age of Republicans who vote in June will be 58.

Jerrold Speers, the Republican leader in the Senate, says the other two in the race will spend $100,000 each and he can raise only half as much. That reflects the feeling of most that Speers is far behind.

Governor Longley says he will endorse no candidates in the primaries but will retain that option in the fall. His blessing could be decisive. This was reflected in the enthusiasm for a campaign to put a ceiling on the state budget tied to income. The Governor will be honorary chairman of the fund-raising drive to pass a necessary referendum. Palmer quickly said it was a great idea. Cragin also has.

PUBLIC RELATIONS

On May 10, Bob Shinners presented Great Northern Nekoosa scholarship certificates to girls from Millinocket, East Millinocket and Lincoln. The girls and their parents were guests at a luncheon attended by Great Northern managers. After picture-taking, they saw the Millinocket-Lincoln area from the air aboard the helio-courier. A news release was distributed on the subject.

On May 11, we provided Paul Porter of Portland, a stringer for Chemical Week, with a picture of the Millinocket mill and the woodlands.

We agreed to spend a day with Theresa Engstrom of The New Englander magazine on May 25. She wants to focus in on Great Northern Paper as the basis for an article (one of a series) being done on corporations in the New England area.

A TALK WITH BARRINGER

Conservation Commissioner Dick Barringer didn't like what Bob Hellendale had to say in a March 29 talk at the Governor's Conference on Economic Development. Hellendale told of the increasing demand for withdrawal of timberlands from wood production. While Barringer appreciates the Indian issue, he challenged if LURC zoning and the Penobscot study were taking land out of production. We talked for nearly an hour on May 8 when I ran into him in Augusta. (A memorandum with details has been circulated.)
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 19:  

**SPRAYING AND POLITICIANS**  

"The spraying of chemicals which have dangerous and often-
times unknown effects on humans, wildlife, and plant life  
is now out of control in the State of Maine. Conflicting  
and counter jurisdictions, and plain disinterest have led  
paper companies, state and federal authorities to become  
negligent in their responsibilities to Maine people and  
their environment."  

---State Senator Jerry Speers  

Speers is seeking the Republican nomination for governor.  
But the young majority leader of the Senate hasn't much  
chance of winning, political observers say. Obviously  
Speers is looking for an issue. So when he called a May 12  
news conference at the State House and attacked the chemicals  
being used in the state's timberlands, those same observers  
said he was seeking to see if this was the issue which  
would fill the bill. He got the usual television coverage,  
a couple of minutes on most stations. The news reports on  
that evening also included coverage of youngsters parading  
in Wytopitlock with placards protesting the spraying. In  
newspapers the next day, Speers' statement got routine  
treatment. The Bangor Daily News didn't use it until Monday.  
After a brief flurry of interest, Hank Magnuson of the Paper  
Industry Information Office in Augusta said on May 17 that  
there had been no further inquiries.  

From other sources, it has been learned that the target is  
2,4,5-T, not the chemicals used in the budworm spraying.  
The executive director of the Sportsmen's Alliance of Maine,  
Tische Shelton, is the man behind the Speers' statement.  
SAM was created to fight gun control. But Shelton is finding  
the way to attract members and raise money is to tackle the  
paper industry in support of the zoning of vast areas to  
protect trout ponds and deer yards. He's had great success.
Spraying and Politicians (continued)

There is no doubt we have a problem.

Used properly, 2,4,5-T is no problem to human health or the environment, the director of the school of forest resources at the University of Maine says. Fred Knight was appalled at the Speers' statement. He's been talking to experts on the subject.

"Anybody who uses 2,4,5-T is inviting controversy. It's going to kick up a hell of a fuss," said one of the state's leading environmentalists. A week ago a paper company lobbyist said the same thing in Washington. Both added there isn't anything scientific about their opinions.

An administrative assistant in the office of a Maine Congressman says "I've been doing a lot of reading. I don't find anything good about 2,4,5-T."

As reported last week, Great Northern is planning to use the herbicide for the first time in 1978. Most of the criticism results from its use by St. Regis and Georgia-Pacific as well as utilities who use it along power lines.

Senator Speers asked Bob Hellendale and others in the industry to monitor use of the chemicals. Bob answered him, saying:

"In your press release you say that '....plain disinterest (has) led paper companies...to become negligent in their responsibilities to the Maine people and their environment.' You also state that current monitoring and testing plans are 'totally inadequate.' By innuendo you suggest that someone (presumably a group including our company) is causing cancer and birth defects with a chemical pesticide.

"I think I understand the practical necessities that go with running for office. If you would really like to know more about the budworm program as it applies to our timberlands, I suggest you pay us a visit in Millinocket. Mr. Bartlett, our manager of woodlands, would be glad to have the opportunity to tell you more about it."

John Walker, director of the Bureau of Forestry, said on May 18 that the opposition to the budworm spraying is increasing from other groups. "Two attorneys from the NRC (the Natural Resources Council of Maine, an environmental organization) are talking now with Lloyd Irland," the concerned Walker said. The NRC has charged that the use of the chemicals near waterways violate federal law. Later in the week the Down East town of Princeton asked the state not to spray. The state has withdrawn considerable land from the areas to be sprayed and taken additional safety precautions in an attempt to satisfy critics.

The spruce budworm spraying program will start May 24 and continue into mid-June with 1.25 million acres to be sprayed at a cost of $4.2 million.

Stalemate?

It was a week when people were asking "what's going on?". Governor Longley told newsmen he is not interested in talking to the Indians while the tribes want a "nation within a nation." Senator Muskie was quoted as saying that it is premature to take the Governor's proposed legislation to Congress while negotiations are in progress. Negotiators
Stalemate? (continued)

for the Indians went back to the reservations saying that the state was confusing the issue.

The weekend saw two writers devote columns to the subject. John Day of the Bangor Daily News wrote from Washington that "Neither Congress or the White House will take any action to bail out the state until Maine's political leaders and the tribes reach some sort of consensus." Day said that "the Maine Indian land case has entered an extremely sensitive and critical period." Peter Slocum of the Associated Press said that Attorney General Brennan "is becoming increasingly isolated in his belief that the state would prevail in court" and added that without the support of Muskie, the Governor's plan "can reasonably said to be dead in the Congress."

In Bangor on May 13, Senator Hathaway again told me "you guys are not going to be forced to sell land" but he said Congress will not accept the Governor's solution. (Longley has proposed wiping out the Indians claims and turning the matter over to a tribunal, or court to determine if the Indians are entitled to a cash settlement.)

Bud Millett and Ray Paoletti of the unions left May 15 to tour the state's paper mills to seek support for the Governor's proposal. They took petitions to distribute. Millett has taken the concerns of the unions to Senator Hathaway and Congressmen Cohen and Emery and has talked with Charles Jacobs of Senator Muskie's staff.

Republicans are expected to adopt at their state convention a platform plank on May 20 calling for a total federal solution.

Jim Case of Senator Muskie's staff said on May 19 he was puzzled by the "sudden scuttling of negotiations" and was fearful the matter was headed into court in July. That day headlines in the Maine press summed up the picture:

"Governor Quits Indian Land Negotiations"
---Portland Press Herald

"Indians Deny They Seek Nation Within A Nation"
---Bangor Daily News

McCANN'S TRAVELS

On May 13, my wife and I joined Phil Paul and his wife to attend a testimonial dinner for Bangor trucker Galen Cole. He was named Bangor's outstanding citizen of the year.

In Washington on May 16, I updated directors of the American Pulpwood Association on the Indian land claims issue. Over 40 were at the meeting -- including several from Maine.

In Portland on May 16, I spent the evening with Richard Anderson, former director of the Maine Audubon Society and one of the leaders in the state's environmental movement.

In Augusta on May 17, I met with Tom Paine of Ad-Media to discuss the design for a woodlands' department fact book.
McCann's Travels (continued)

In Augusta on May 18, I talked with Marshall Burk of the Maine Lung Association, a group involved in air pollution matters.

In Augusta on May 18, I attended a meeting of the committee planning the 1980 inventory of the state's forest resources. At the request of Bureau Director Walker I have agreed to serve as chairman of the user committee -- dealing with those who will use the data, besides the land owners and wood processors. The committee also will deal with the public relations of the project.

In Stamford on May 19, I attended a meeting to consider strategy to deal with the company's air pollution problems in Millinocket. The formation of a Political Action Committee was also discussed.

THE PRESS

Phyllis Austin of Maine Times is doing a story on Dick Barringer. She talked with several people in the paper industry. We didn't catch up with her until she had filed the story.

John Day called again seeking background on the Indian land claims case.

With a helping hand from Fred Morrison, we provided the Katahdin Journal, WMKR and the Bangor News with information on the plans for a Medway housing development.

ERRORS AND CONCLUSIONS

In a story on the May 17 conference on renewable forest energy, Bob Cummings of the Portland Press Herald wrote:

"Great Northern produces considerable energy from dams on the Penobscot River and is planning additional dam construction, but it is the only major paper company that does not use wood to also generate electricity."

He was in error. We will tell him so.

In the May 20 Bangor Daily News, David Bright (the state's other environmental reporter) concluded that "many of the firms had not learned much from the energy shutoff of several years ago" on the basis of some of what he heard at the meeting.

Bright heard the discouraging facts about wood costs and reacted like a lot of other "dreamers". He needs a briefing on the overall GNP energy picture.

Tom Wildman of Great Northern was among speakers at the session.

Sincerely,

pmc/b
News Release

MILLINOCKET --- Visitors will again be welcomed in the Millinocket mill of Great Northern Paper Company during the summer months. Guided tours will be offered on weekdays in June, July and August. For information on times of tours, people can call the personnel department of the mill (723-5131 Ext. 271).
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 26:  

**The Dissenting Senators**  

Governor Longley accused Senator Hathaway of refusing to "fight for the innocent people of Maine."  

"Senator Muskie and Senator Hathaway have pulled the rug from under the entire State of Maine," said the Bangor Daily News in an editorial. "They are not using their influence or their access in Maine's best interest. It seems to us that we here at home have reason to be deeply displeased with these two public men and their handling of the Indian land claims case."

This week legislation drafted by Attorney General Brennan was introduced reluctantly in the Senate by Muskie and Hathaway. The bill would wipe out any responsibility the State and private landowners have in the matter. The issue would go to the U.S. Court of Claims. If the court found the Indians have a valid claim for damages, it would recommend a financial settlement -- not involving any land. The Senators have said such a bill would never pass the Senate. They have urged continued negotiations. On the other side of the Capitol, Congressmen Cohen and Emery have enthusiastically rallied behind the State of Maine approach. White House spokesmen agreed with Muskie and Hathaway. Representatives of committees which deal with Indian matters in the Congress labeled the bill unacceptable. Leaders of the two Maine Indian tribes also spoke out against the "unfairness" of the Brennan-Longley proposal.

Back home in Maine, the reaction was different although also divided with a group of Eastern Maine clergymen urging the renewal of negotiations. The majority response was more criticism for the two Senators.
The Dissenting Senators (continued)

Representatives of unions in the Millinocket and East Millinocket pulp and paper mills are aiming for 30,000 signatures on petitions urging support of the entire Delegation for the Governor. Two of them visited most Maine mills on a recent tour. The Governor wrote Bud Millett that "I believe your petition is right on target." Longley may come to Millinocket next week to meet with the unions.

John Day of the Bangor Daily News says the White House plan is expected to be introduced in Congress after the Memorial Day recess. That bill is expected to call for $25 million for the tribes if they drop claims to all property owned by those with holdings of less than 50,000 acres.

"SAVING" THE PENOBScot

Two letters appeared on the editorial pages of the Bangor News opposing construction of another dam on the West Branch by Great Northern. Wayne Hockmeyer told me on May 24 that the letters were probably the result of the campaign he is behind, the Protect the Kennebec and Penobscot Society. Every customer who goes down one of the rivers gets a four-page folder on the subject, which says in part:

"The choice is clear; it is between the increased profits of a wealthy corporation, and the interests of the people of Maine. It is a choice that in the past has always been made in favor of Great Northern Paper Company. The Penobscot River is too precious to allow it to happen in this case."

Hockmeyer's rafts will be launched in Ripogenus Gorge on weekends this year. Last year Northern Whitewater Expeditions took in $50,000 Hockmeyer says. This year he predicts income will increase to $150,000. Two competitors have decided against launching in the Gorge and will start at Big Eddy.

Paul Firlotte and I will meet with Hockmeyer on May 30 at his request. He has proposals to make.

SEARSport

With Phil Paul, I attended a May 22 meeting in Searsport when a committee was organized to promote development of a container shipping facility. It will mean a publicity campaign, legislative action and probably voter approval in a referendum of a bond issue of approximately $40 million. Peter Garland, the former Congressman who is now manager of Searsport, summed up the fight ahead when he said "the fly in the ointment is the City of Portland. Instead of doing all of it in Searsport, representatives of Portland want the project divided....if this happens, it will be the same as nothing....a one-port location must be the goal." A recent State Department of Transportation study favored Searsport over Portland.

Over 40 attended the meeting with people coming from as far away as Ashland (George Smith of Pinkham) and Presque Isle.

The Bangor Chamber of Commerce, the Committee of 50, the Eastern Maine Development Commission and other agencies are falling in line for the drive to create a container port. Phil Paul was named chairman of a user committee which will raise funds for the promotion drive and also seek commitments for the port development.
BUDWORM SPRAYING

The planes and the men involved in the 1978 spruce budworm spraying program arrived in Millinocket this week and spraying is expected to start in a few days.

Senator Jerry Speers, the gubernatorial candidate who has made spraying a campaign issue, talked about it again in Aroostook County while on tour. Protests from opponents continue to create headlines in the Bangor Daily News. Letters on the subject dot editorial pages. Satisfied with concessions made in the interest of health and safety, the Natural Resources Council of Maine has indicated it will pose no further challenges to this year's program.

During the spray program, we will be developing a collection of pictures which will be available for public relations' efforts in years to come. With the State backing off from its traditional role as a source of information on spraying, the industry may have to step in to save the program. The pictures would be available to explain the positive side of the spraying to politicians and the media.

PUBLIC RELATIONS

A page of photographs of activities during the annual banquet for retired employees was prepared by Roger Boynton for publication in the Katahdin Times.

Theresa Engstrom, an assistant editor of The New Englander Magazine, spent May 25 and 26 in Millinocket. She is developing a story on Great Northern Nekoosa, focusing on the Great Northern Paper division. The New Englander is a regional business publication. She got a look at the area from the air, visited the paper mills, the pollution facilities and visited Ripogenus Dam. She talked with Carl Reed, Dick Noyes, Dick Violette, Bob Bartlett, Phil Paul, Bob Reardon and Bob Shinners, who dropped in while on vacation. It looks like the thrust of her article will be on the economic impact GNP has on Maine and why a threat to the Company such as the land claims has such widespread ramifications to the state's economy. Roger Boynton provided her with several pictures. She plans interviews in Stamford June 8.

Paul Firlotte wrote a letter to the Augusta and Portland newspapers correcting the May 17 story which said GNP does not use wood to generate electricity. I also invited the author of the story, Bob Cummings, as well as Dave Bright and Dennis Mills of the Bangor News, to take a look at the Great Northern power system along with State Energy Director John Joseph on June 23.

A release was prepared for regional newspapers and WMKR on the fact that tours of the Millinocket mill will again be offered the public on weekdays during the summer months.

A set of slides and a script (duplicates of the GNP multi-media show) were provided Dennis Wentworth of the Fort Kent district of the woodlands department. He is speaking at Van Buren High School.
Public Relations (continued)

Next week an associate editor of Fortune Magazine, Amy Morner, is planning to come to Millinocket to start a story on the Indian land claims issue and its impact on GNN. We got calls from Diamond International and International Paper asking for advice on how to deal with her inquiries in New York. Don Perkins also asked. Earlier we had provided background material on the issue for a researcher. She also is planning to talk to the Indians, the Governor, the attorney general and to Perkins, if he consents. Ms. Morner also wants an interview with Bob Hellendale.

Sincerely,

Paul

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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 June 9:

THE TAX REVOLT

Will Maine follow California's lead and try to put a clamp on spending by state government?

A committee is raising money to finance a campaign to pass a constitutional amendment to limit all state taxes to a certain percentage of total income in the state. Governor James Longley is honorary chairman of the campaign. Rand Stowell, a lumber manufacturer from Dixfield, and John Robinson, a former Farmington banker, are chairman and vice chairman of the committee which also includes Andy Nixon of the Dead River Company and John Daigle of the Casco Bank.

Mike Healey of the Portland law firm of Verrill & Dana has been retained to draft the constitutional amendment. The amendment first will have to be approved by two-thirds vote of both branches of the Legislature. Bob Chaffee, one of the men involved in the "bottle bill" referendum of two years ago, has been hired as executive director by the Committee and an office opened in the Casco Bank building in Augusta. The committee is gearing up to seek legislative approval of the amendment in a session opening in January.

TUREEN'S SURPRISE

Tom Tureen, the attorney who represents the Indians involved in the Maine land claims issue, called a news conference on June 6. Every time he has done so in the past, Governor Longley has gotten mad. Longley, an attorney although he has made his living selling insurance, has been critical of Tureen for "trying the case in public." On June 7, the Governor reacted. This time Longley was quoted as telling newsmen, Tureen had made the "unpardonable sin" in making "misleading, inaccurate and unfair" statements.
Tureen's Surprise (continued)

Tureen said that the Indians were asking the Justice Department to take the State to court because the Governor and the Attorney General wouldn't negotiate. But, Tureen said, the Indians wouldn't seek court action against the so-called 14 large landowners as long as good faith negotiations continued. Speaking on behalf of his clients, including Great Northern, Attorney Donald Perkins said he was "somewhat surprised." Perkins said he had told Tureen land was available. But he said that the landowners wanted fair market value for the land and he was quoted as saying he "could not foresee a separate settlement between the tribes and the landowners."

When the Bangor Daily News published a story on June 1 quoting a University of Maine official involved in labor education as saying the efforts of papermakers to rally support for the companies "had fallen flat," the presidents of the locals in Millinocket and East Millinocket reacted in anger. First they held a meeting and invited the local correspondent of the Bangor Daily News to attend. Her story appeared the next day and included a denial of the charge that the union group included "racists." With financial support from the company, the unions will publish a full page advertisement in the News on June 10 spelling out the reasons why they are involved. It will be signed by the presidents of each local. The text will include this statement:

"We are proud that 100,000 Maine people who also believe in fair play signed post cards which we sent to the Maine Congressional Delegation. We are proud that most Maine political leaders agree with us."

Aimee Morner and Pat Langan, assistant editors of Fortune magazine, spent May 31 and June 1 in Millinocket. The two are developing a story on the issue which will appear in early July in the business publication. While here they talked with Bob Shinners and Bob Bartlett as well as Bud Millett of the unions. They went from here to Bangor for further interviews with Tureen, George Carlisle of Prentiss & Carlisle, Ed Stone of Merchants Bank and also visited the Indian reservation. They came to Maine from Washington. They interviewed Bob Hellendale in Connecticut on June 6.

**Another Issue Heats Up**

More letters opposing construction of a dam on the West Branch appeared in the Bangor, Waterville and Portland newspapers. It appears all of them were written by people who have rafted on the West Branch with Wayne Hockmeyer. So far this month five letters have appeared in the Bangor News. Hockmeyer was also behind a story which appeared in the May 21 Boston Globe. On June 12 Dan Levin, Sports Illustrated's writer on water sports, asked for an interview. He has been rafting with Hockmeyer. In August, the Natural Resources Council will hold a Penobscot River Symposium in Millinocket to drum up support for designating the West Branch a Wild & Scenic River, thus blocking a dam.
THE PRIMARIES

Democrats and Republicans pick their candidates for the November general election when they go to the polls on Tuesday, June 13. The primaries include several contests. Both parties have three men seeking the gubernatorial nominations. There's a four-way race for the Democratic nomination for Congress in the First District (five southern Maine counties with all but one bordering on the Gulf of Maine). There's a two-way Democratic race for the Second District nomination. Television stations are raking in the dollars with their schedules jammed with announcements plugging one candidate or the other. One of the Republican candidates for Governor, maybe two, will spend over $100,000 in the primary.

Although their race is expected to attract national attention, nobody is paying much attention to Senator Hathaway, or Congressman Cohen, at this stage of the election year. Hathaway, a Democrat, is unopposed in seeking renomination, so is Republican Cohen who is giving up the Second District seat in a bid to win election to the Senate.

Here is the picture:

Governor

Republicans: Lynwood Palmer, the House minority leader, was the front runner and was still confident when we talked June 6. Portland attorney Charles Cragin has come on strong. Cragin is young and able. Most people say Senate Majority Leader Speers is going to finish third.

Democrats: Joe Brennan, the attorney general and former legislator from Portland, has been sticking close to the State House because of the Indian land claims issue. When he came to Millinocket May 31, he told Bob Shinners and I that he expected to win the nomination. His chief challenger, political writers say, is Senator Phil Merrill, a bright Portlander. On June 8, Merrill got a big boost when former Governor Kenneth M. Curtis made an Augusta appearance in which he all but endorsed Merrill. Not much of a chance is given to down-to-earth Representative Carey from Waterville. He hasn't been able to attract the money needed for an effective television campaign. Without it, Carey admits he hasn't got much of a chance.

Congress

Second District: Olympia Snowe, a Senator from Auburn, is unopposed in seeking the Republican nomination. Secretary of State Mark Gartley is the favorite to take the Democratic nomination although he's getting plenty of opposition from Representative Jim Henderson of Bangor. Gartley takes pride in saying he worked for Great Northern as a boy and that he's from Greenville. Henderson is a capable liberal. His television commercials are narrated by Aime Gauvin, one of the "Forever Wild Five" of Baxter State Park controversy fame.

First District: Republican David Emery has come a long way from the time when Democrats joked about his accidental victory. He said on May 5 at a meeting of directors of Associated Industries of Maine that success was making life tougher -- he wasn't getting as much financial support this year from the Republican National Committee. The race is on the Democratic side of the picture. Representative Spencer of Sebago Lake,
Congress-First District (continued)

a former Nader Raider who investigated the taxes paid by the paper industry, is considered the front runner. Former State Consumer Affairs Director John Quinn is running hard and Sandy Maisel, a Colby professor, is very much in the contest. The conservative of the group, former State Senator Guy Marcotte of Biddeford, could pull an upset if the others split the vote.

McCann’s choices: Palmer and Brennan for Governor, Marcotte in an upset in the First District and Gartley in the Second District.

MEETINGS, MEETINGS, MEETINGS

On May 30, Paul Firlotte and I met with Wayne Hockmeyer who outlined an idea to keep whitewater rafting alive if another hydroelectric dam is built. We said it would be considered. Wayne’s idea would be to open the gates at Ripogenus once a week.

On June 2, representatives of the State Department of Fish & Wildlife came to Millinocket to discuss a fishway on the rebuilt Loon Lake dam. I had arranged their visit.

On June 2, George Smith of Congressman Emery’s office was briefed on chemicals used in spraying on Great Northern timberlands. He was interested in both the budworm project and in the 2,4,5-T. Smith left saying that he did not see a problem as far as the Congressman was concerned.

On June 2, Bob Bartlett, Paul Firlotte and I discussed the West Branch of the Penobscot with Dick Barringer and Herb Hartman of the Department of Conservation. They wanted to know if the Company would again get active in seeking a way to protect the river as proposed in the Wild & Scenic Rivers report of the U.S. Department of the Interior.

On June 5, I attended a meeting of directors of Associated Industries of Maine in Waterville and that evening discussed the West Branch project at a meeting of the Maine Pilots Association in Augusta.

On June 6, I attended a meeting in Stamford at which Ken Ralston of the American Pulpwood Association spoke. I also sat in as writers from the New Englander Magazine and Fortune interviewed Hellendale.

On June 8, I discussed the Indian land claims and public affairs at a purchasing seminar of the Paper Industry Management Association in Auburn.

On June 8, Bob Bartlett and I again met with Hartman, Lee Schepps and Nancy Ross of the State Department of Conservation in Augusta to discuss the future of the West Branch.

On June 9, Bartlett and I attended a Bangor meeting of the study group dealing with the East and West Branches of the Penobscot.

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 June 16 follows:  

THE MEANING OF THE PRIMARIES  

A Maine newspaperman was being quoted in Washington this week as saying that 16 percent of the Democrats who went to the polls in the June 13 primaries did not vote for Senator Hathaway. The senator was unopposed for renomination.  

Do unopposed candidates usually get solid support? In 1976, Senator Muskie had the support of 71,132 of the 71,159 Democrats who voted. In 1972, Hathaway got 61,921 of 68,184 votes cast in the primary with 6,263 going to a little known rival. All the Democrats voted for one or the other in 1972.  

In the Republican primary, preliminary figures show Hathaway's challenger, Congressman Bill Cohen, by contrast had the solid support of his party.  

The Bangor Daily News reported that the successful candidate for the Democratic nomination for Governor, Joe Brennan, was helped in rural areas by his "hardline stand on the Maine Indian land claims case." If that is a fact, did Senator Hathaway's stand on the same issue result in hundreds, or thousands, of Democrats boycotting his candidacy? Hathaway has differed with Brennan and Governor Longley on the case, calling for a negotiated settlement.  

In Penobscot County, Cohen had 7,283 votes to 6,873 for Hathaway. The three Democratic candidates for Governor totaled 8,136, the three Republicans 7,323. In Aroostook County, Cohen polled 3,350 to 2,749 for Hathaway. The three Democratic candidates for Governor totaled 3,184 votes, the three Republicans 3,378. If official returns confirm this trend, there is going to be some interesting speculation in the press.
Primaries (continued)

Republicans can only vote for Republicans in the primaries, Democrats for Democrats. If they prefer not to vote for a candidate, they can skip over the square opposite his name. Independents do not cast ballots unless they register in one party or the other.

In an editorial in June 15 editions, the Portland Press Herald said Brennan and the GOP nominee Linwood Palmer are both moderates reflecting "safe, conventional and mainstream party views." Both won easily.

In the fall the two will have to contend with a widely known Independent candidate, the Rev. Buddy Frankland of Bangor. Both Frankland and Palmer like to think of themselves as Longley's favorite. Secretary of State Mark Gartley, a self-styled conservative, crushed Representative Henderson to win the Democratic nomination for Congress in the Second District. Gartley will oppose Republican Olympia Snowe. In the Second District, consumer advocate John Quinn won the Democratic nomination and the right to oppose Republican Congressman David Emery.

McCann's choices: Remember Ted Williams was the last major leaguer to bat over .400. In the primaries, we missed on Guy Marcotte in the First District. He finished second in the four-way race. We were correct on Palmer, Brennan and Gartley.

THE UPSET:

Representative David Bustin is chairman of the ultra-liberal House Labor Committee. He's also assistant executive director of the Maine Teachers Association. He has been a power in Democratic circles in Augusta for several years. On June 13, he was upset. Winner of the nomination was a young legislative aide who campaigned door to door for weeks.

THE PENOBSCOT

After several letters from out-of-staters appeared opposing construction of a dam on the West Branch, local people came to Great Northern's defense. One man wrote "I tell you what -- I won't swim in the Charles or the Merrimac, if you stay down there, and I stay up here in the backwoods." Another praised Great Northern as "one of the few who are trying to conserve energy" and added "as far as 'wild and scenic,' my family cannot eat that and neither can yours." Wayne Hockmeyer's campaign to get letters written, however, generated new ones in the Bangor and Portland newspapers.

THE BOARD OF ENVIRONMENTAL PROTECTION

The membership of the Board of Environmental Protection used to include business leaders such as Curtis Hutchins of the Dead River Company. It also used to include environmental advocates such as Orlando Delogu, the University of Maine Law School professor. While serving as part-time chairman of the board's predecessor, the Environmental Improvement Commission, Donaldson Koons guided a sweeping reorganization. That opened the door for Bill Adams to become the first full-time chairman as well as commissioner of the department. Adams now is the regional chief of the U.S. Environmental Protection Agency.

The BEP has changed.
BEP (continued)

The change is the result of Governor Longley's policy of refusing to reappoint people to state boards. He has made few exceptions. Terms on the BEP are for three years. So everyone now on the board is a Longley appointee. The new faces are not widely known. Not much is known of their attitudes on the environment.

Also a factor in the change is the quiet approach of the new board chairman, Henry Warren. He votes only when necessary to break a tie. The board no longer is responsible for administration of the DEP staff. That is Warren's job. Warren was promoted by Governor Longley when Adams resigned to take the Federal post. Warren is trained as a government administrator. He was chief of the department's land bureau before becoming commissioner. Prior to that he held jobs in regional and local governments.

The board consists of Wilmar Bradford, wife of a Bangor attorney and president of the Maine Lung Association; Paul Burbank of Brunswick, a retired airline vice president in his 80s; Conrad Doucette, a retired Auburn banker; Lionel Ferland, a farmer from Poland; Evelyn Jephson, a Kennebunk housewife who is the veteran in years of service -- although the service was broken when she wasn't reappointed by Longley; Sylvia Lund of Augusta, former chairman of the state board of education; Mary Sottery, a Portland woman who has won a reputation as a crusader for the causes of the poor; John Turbyne of Winslow, a retired Scott Paper Company employee who some say is the most knowledgeable person on the board; and Raymond Mersereau and James Tweedie, both from Mars Hill and involved in the agricultural business.

The BEP meets twice a month. Members spend most of their time approving recommendations of the staff on permit applications. They approve docks, ramps, floats, seawalls, shoreline riprap, housing subdivisions, septic waste disposal sites, solid waste disposal areas as well as licenses for water discharges and air emissions. They also vote on policy recommendations from the Commissioner. Recently they decided against issuing permits for new seawalls.

What's the new look and the low profile mean?

Richard Anderson of Portland, a former member, says that the Board is relying heavily on the advice of the staff. "They have to do it. Pollution control is a complicated business. It's technical," Anderson says. While on the board, he was director of the Maine Audubon Society. He also is a biologist.

Bob Cummings, the Portland newspaperman who covers the environment, said recently on public television that the "board tilts on the side of the environment. It is very surprising, considering Governor Longley's attitude."

READING

Several books recently added to shelves in Maine bookstores include:

The Senate Nobody Knows -- Bernard Asebell writes a behind the scenes story of the little things and the big things that make up the life of a U.S. Senator. He trailed Senator Muskie for months collecting the information. Asebell was in Maine in the months before and during the Senator's campaign for re-election in 1976. If you like politics, you will enjoy this book.
Maine Almanac -- Jim Brunelle, an editorial writer for the Portland newspapers, has compiled this new Gannett Publishing Company reference book. We've asked him to correct his statement that Great Northern is the largest producer of newsprint in the U.S. We also advised him that the Company no longer has a headquarters in Greenville.

This Trifling Distinction -- John Gould's newest book is billed as 'Reminiscences from Down East.' It also includes a chapter from the North Branch country and talks of Del Bates, Leo Thibodeau, Bun Bartley, and others associated with Great Northern.

PULP AND PAPER UNIONS MEET

Great Northern union locals hosted a meeting June 10 in Bangor of associates from other mills. They met to consider ways to advocate a federally financed settlement of the Indian land claims case.

Ray Paoletti, president of the Office & Professional Employees International Union, said the turnout was small but those on hand included employees of St. Regis, Scott, Diamond and Georgia Pacific. Some complained of management apathy. It was agreed that a representative of the Great Northern locals would attend industrial relations meetings in other mills if invited by management and labor. They will also consider placing advertisements in local newspapers similar to that appearing in the Bangor Daily News, Saturday, June 10.

After the Bangor advertisement was published, Paoletti said there were calls from the news media to different union leaders asking what was behind the move. The advertisement was designed to answer charges that the union had "fallen flat" in their efforts.

THE NEWS MEDIA

Dan Levin of Sports Illustrated called late Sunday night to cancel his Monday appointment to discuss the West Branch. He spent the weekend rafting on the Penobscot and Kennebec with Wayne Hockmeyer.

Peter Dammann of Maine Times called June 14 to request information on Great Northern's plans for a dam on the river. The Maine weekly is planning to do a story.

With help from Anne Erickson of the Katahdin Times, we provided Theresa Engstrom of The New Englander with additional pictures. She asked assistance in illustrating the article she is writing.

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 June 23 follows:

"Pollution Champ"

"This paper mill town is proud of its winning basketball and brags of being the 'gateway to the north woods'.

"But a new report from the Department of Environmental Protection suggests that Millinocket may have a less happy distinction. It may have the most polluted air in Maine."

That's what Bob Cummings wrote in the Maine Sunday Telegram of June 18. He quoted Dave Tudor, director of the DEP's air bureau. The story was headlined: "Report Says Millinocket May Be Pollution Champ." The newspaper even used a photograph of the dirty smokestacks from another mill (at least they were not recognized here in Millinocket) to illustrate the piece. It wasn't surprising. The company's technical people and attorneys have been negotiating with the state agency for months. Cummings attends most meetings of the Board of Environmental Protection and is acquainted with the staff.

The story got wide use on radio over the weekend.

On June 19 it appeared in the Bangor Daily News with headline "Millinocket air quality called worse in state."

As a result, several things have been done.

I explained the situation to John Keys of WMKR on June 18.

On June 22, Peter Henderson of WLBZ-TV interviewed Pat Welch in Millinocket. He had also talked with Tudor. Henderson's balanced report concluded:
Pollution Champs (continued)

"Both Welch of Great Northern and Tudor of the DEP affirmed that the industry and the agency have a great deal of mutual respect for the way in which the pollution matter has been handled. Great Northern says it has tried conscientiously to clear up the air in Millinocket and the DEP agrees. Both concerns acknowledge the final solution will be expensive but if all goes according to plan the sulfur dioxide levels and the air in Millinocket should be acceptable in four years time."

The same day Pat and I went over the subject with Anne Erickson of the Katahdin Times.

Finally a letter is being drafted which will go to Maine newspapers and opinion makers. It will acknowledge the problem but will put the story in focus from the Company's point of view.

The West Branch

Letters continued to appear in the Bangor Daily News urging designating the upper Penobscot as a National Wild & Scenic River. Designation would prohibit new dams. The tally as of June 22: 13 against (12 written by out-of-staters, all apparently as a result of raft trips with Wayne Hockmeyer, and one written by a Lincoln man); three urging fair play for Great Northern (all by Maine people).

Peter Dammann of Maine Times called three times during the week. They are preparing an "interim" story in response to the several letters they have received. It will be an update, Dammann told me, on the Wild & Scenic study, the State Department of Conservation study and also on the Company's plans. Paul Firlotte also talked with him, explaining the company's present energy use and of the choices we have in finding a substitute for oil -- wood and water. He also answered questions on cogeneration. Dammann told me he has spent a lot of time at a camp (Great Northern lease) on Chesuncook Lake.

Fortune Magazine

Pat Langan, one of the two assistant editors of Fortune, engaged in preparing an article on the Indian land claims in Maine with emphasis on their impact on Great Northern, called with questions on June 20. She and her colleague had been writing for a week. On June 21, photographer Dan Kramer came to Millinocket to take Bob Hellendale's picture in front of a pile of tree-length wood in the inventory off the Golden Road. The picture-taking session lasted over an hour. Kramer was flying back to New York the same evening where the pictures were being developed and a selection made on June 22 by editors. Pat said she and her partner, Aimee Morner, could be expected to call to check further information next week.

The New Englander

As reported previously, Theresa Engstrom of The New Englander magazine is writing an article on Great Northern Paper Company for the business publication. This week we provided her with additional photographs for consideration. She also called to check several facts.
The New Englander (continued)

Ms. Engstrom started out to write a "profile" of the Company. Somewhere along the line (through a colleague on the staff), she talked with Wayne Hockmeyer. He's the man in the rafting business who is stirring up opposition to another dam. So now she talks of a piece in which the company's impact on the Maine economy as related to the Indian land claims and also the hydroelectric project will be covered—including quotes from Hockmeyer.

ENERGY TOUR

On June 23, State Energy Director John Joseph was briefed on the Company system by Paul Firlotte and Bob Reardon. Dennis Mills of the Bangor Daily News and Hank Magnuson of the Paper Industry Information Office also were in Millinocket for a briefing and a visit to Dolby as well as the potential dam sites and Ripogenus Dam.

THE SLIDE SHOW

The 35 mm multi-media introduction to Great Northern has been shown 65 times in the past year to customers, other visitors and employees. It can be booked (on short notice if necessary) by calling Mrs. Rhonda Reed, 723-5131 ext. 228. The presentation includes over 100 color slides with a narration by Hank Magnuson, executive director of the Paper Industry Information Office in Augusta.

A NEW VOICE

Betsy Maragus is the new voice you get at times when calling the Public Affairs office or the darkroom. She's enrolled in the medical assistant field at Thomas College in Waterville. She's a Stearns graduate.

Sincerely,

pmc/b

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MILLINOCKET --- Production and maintenance workers in the Millinocket and East Millinocket pulp and paper mills of Great Northern Paper Company Friday rejected a contract offer.

The current contract expires at midnight Friday and a Company spokesman said union negotiators have said the 2,500 workers they represent will not work without a contract. The unions had agreed that members would work until 8 a.m. Saturday to close the mills down and the Company was preparing for a strike.

The Company had offered a 22.2 percent increase in wages over two years plus substantial improvements in fringe benefits.

In the voting, seven of the twelve locals rejected the contract. Voting in favor were four locals of the United Paper Workers International Union which include over 65 percent of the employees in the bargaining units, as well as an East Millinocket local representing firemen and oilers.

No further negotiations have been scheduled, a Company spokesman said.

If the strike in Millinocket and East Millinocket develops, it will be the first since 1907 when a union walked out in a dispute with another union over recognition.
IN LAST SUNDAY'S paper, a member of the Clamshell Alliance, protesting the nuclear power plant at Seabrook, was quoted as saying the key energy alternative is small hydroelectric dams.

For the last two months, Maine Times has received a steady flow of letters protesting the possibility of two new dams, one on the Kennebec and one on the Penobscot, because they would mean the end of the best white water rafting in the state.

In comparison to Dickey-Lincoln, these are small dams. While they may not be as small as the Clamshell person had in mind, the Great Northern Paper Company dam fulfills the same purpose as the smallest dam: it would provide power to a single user.

The Great Northern dam is different from Dickey-Lincoln in many ways. Dickey-Lincoln would be used largely to supply electricity for such non-necessities as air conditioning; Dickey-Lincoln would involve the flooding of vast land areas; Dickey-Lincoln would entail a massive transmission system; Dickey-Lincoln is of dubious economic value when compared to what it would destroy.

The Great Northern dam would be built on a river which is already heavily dammed. In fact, it is the damming of Maine's rivers for hydroelectric power which built the state industrially. People tend to forget that Maine's inland cities are all on rivers for good reason; they tend to forget that the mills which line the river sides hide from the casual observer's view the hydroelectric plants which drove the machines.

The Great Northern dam would give needed electricity to an existing Maine industry, an industry that would otherwise have to buy that power elsewhere. And the imported power would probably come from projects we would like even less — nuclear power, oil generation, coal generation.

Great Northern is using alternatives, such as the burning of wood waste, and will continue to seek even better alternatives. But as Peter Dammann's story in this issue points out, theory sometimes clashes with reality: To replace the oil now being used by Great Northern alone would take a quarter as much wood as all Maine companies now use to make paper.

It is unlikely that Great Northern is ever going to power itself entirely with everyone's favorite source of energy, the sun. We are probably too far north for that. On the other hand, new plant could obviously be designed to make better passive use of the sun's heat to keep the workers warm and thus save electricity to run the machines. But the amount saved in such an energy intensive industry would be relatively small.

And paper making is energy intensive. That is why Great Northern wants to get off the oil standard as much and as fast as it can. The reason they are contemplating the dam is initially to reduce their dependence on oil.

But even with the conversion, the paper industry's demand for energy is going to increase. It is caught in the same inflationary spiral as the rest of us, and although some can be recouped by price increases, they must also increase their production to stay economically alive.

Stopping the inflation and growth cycle is a much more complex and wrenching problem than stopping the damming of the Penobscot or the Kennebec.

No, we don't want to lose the last good white water in Maine either. But to stop its destruction, we are going to need much better answers. We are going to have to face up to essential problems like world population control. We are going to have to give up certain luxuries we have come to accept as normal.

continued....
The protestor at Seabrook pointed to hydro power as his alternative. He probably doesn't know that white water will be lost when rivers are dammed. But even if he knew, he might say the dangers inherent in nuclear power justify the loss of the last good white water in Maine.

All such protests are important because they point out the drawbacks of what superficially seem like ideal alternatives. But protests which focus on such issues as loss of a recreational resource also tend to become isolated.

We praise the dam protestors for telling us we may have to give up the white water. But they should understand that given the present alternatives, policy makers may also decide that is a trade-off they must accept.

(PWC)
Great Northern Paper  
a company of  
Great Northern Nekoosa Corporation

Paul K. McCann  
Manager Public Affairs  
July 1, 1978

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:

**The Strike**

Peter Slocumb is the Associated Press chief in Augusta. He called June 29 to check the accuracy of a story reporting Great Northern Paper had offered unions a 22.2 percent wage increase over a two-year period. "We (the American Newspaper Guild) are negotiating with the wire service," Slocumb said, "and if the AP ever offered comparable money, they would get a quick 'yes'." Other reporters made similar remarks.

But on July 1 the East Millinocket and Millinocket mills were struck.

As time ran out in the negotiations, interest increased in the news media. Until June 27, there had been little interest. Only radio station WMKR in Millinocket had been reporting on the wage talks, depending mostly on union sources for information. After negotiations ended in Bangor on June 29 union representatives went to the Bangor Daily News office to ask that their plans for voting be published. That triggered a story by Dennis Mills, the News' business reporter. On the same evening, the Company issued its first press release (a copy is attached). In addition to the News, the release was provided WMKR and also the Associated Press in Portland.

On June 30, when the unions voted, the results were provided WMKR, the News, the Associated Press and the Katahdin Times. This morning a release was prepared for the Dow Jones News Service, Reuters and the New York Times. Joe O'Handley helped with the text. John Godfrey in Stamford handled the distribution. I taped a television interview...
The Strike (continued)

with Paul Konstadt of WABI-TV in Bangor and radio interviews with Don Huff of WGAN in Portland and Mel Leary of the Maine Broadcasting System in Augusta. We provided information on the shutdown for the Associated Press, WMKR and United Press International.

Bob Hellendale wrote a letter to all employees and included with it information on how the strikers could continue to receive insurance benefits, at their expense. This letter also was sent to community leaders in the Millinocket area and to members of the Maine Congressional Delegation, state officials and legislators from this area. We had been keeping the Governor's office informed on developments and had also alerted the offices of Senators Hathaway and Muskie and Congressman Cohen when it appeared likely a strike was in the making.

All departments have been asked to refer inquiries from the press or from state and local officials for information to our office in Millinocket. We also plan frequent reports for all departments on events of general interest related to the strike.

Other Maine mills were also making news. In Winslow, 700 workers of Scott Paper Company turned down a two year contract providing $1.67 in pay and fringes according to newspaper reports. In Rumford, 1,500 workers were voting Friday and Saturday on a Boise-Cascade proposal.

SPECIAL SESSION

Attorneys representing the Maine Committee for Fair Taxation are predicting a special session of the Legislature to deal with a proposal to limit governmental spending. The Committee's plan has picked up support since it was voted to slash property taxes in California. Liberal Democrats have jumped on the bandwagon. While the Committee still has a group of conservatives as leaders, it now includes more Democrats than Republicans. A two-thirds vote of approval of both Houses of the Legislature will be required to approve the spending ceiling because it is in the form of a constitutional amendment. If approved by the Legislature, it will go to referendum in November at the time of the general election.

Associated Industries of Maine is planning a joint meeting of the Government Affairs and Taxation Committee in mid-July to brief members on the proposal -- and to see what, if any, stand industry as a whole will take.

Political observers are identifying the subject of government costs as the No. 1 issue in the elections. Republican Gubernatorial Candidate Palmer was the first to support the idea of a limit on spending. His opponent, Attorney General Brennan, has been moving in the same direction -- but taking a lot longer to make up his mind. That's understandable. Brennan has said welfare programs and higher education both need more money.

WOOD BURNING

When John Joseph, the new state energy director, was in Millinocket on June 23 he said he saw a need for modifying the state's air pollution laws to permit more burning of wood wastes. Paul Firlotte and Bob Rear agreed with him. On June 27 in Augusta, Elizabeth Swain of the Maine Audubon Society said the same thing while attending a meeting on another
Wood Burning (continued)

subject. She disclosed that the Society is planning a meeting with the staff of the Department of Environmental Protection to "educate" them on the need to change the laws in a time when wood burning should be encouraged.

REMEMBER THE INDIAN CLAIMS?

For months the Indian land claims issue dominated the Maine press. It was forgotten for a few weeks. On June 28 John Day, the Bangor News' man in Washington, reported that the Federal government was ready to go to court seeking 350,000 acres and $300 million. The next day the Associated Press quoted an assistant as saying Attorney General Bell would ask for an extension of the July 1 deadline for going to court. The Justice Department wants to negotiate with the State, she said. On June 30, Senator Hathaway proposed a plan for settling the Maine case out of court with "private landowners to receive a fair price" for land and "no disruption of production or employment in the paper industry." The same day a wire story reported "financial investors are getting worried again about the Indian land claims case" in Maine. On Friday headlines proclaimed a bill had been approved by a Senate committee to settle the Indian claims in Rhode Island with the State and Federal governments splitting the cost. Hathaway said this was the way to go in Maine. Finally on Saturday, newspapers confirmed that the Federal government had asked Justice Gignoux to approve another delay.

Who said things had quieted down?

The Fortune Magazine team completed work June 30 on the article soon to appear on the Indian land claims and its impact on the Indians. We answered several questions. Bob Hellendale also again talked with them.

Sources close to the New Englander magazine say that an editorial supporting the paper companies on the issue will appear along with the story on Great Northern in a forthcoming edition.

THE ENERGY PROGRAM?

Jack Norman on June 28 said that Senator Hathaway had been informed that the Senate-House conference committee dealing with energy taxes would resume sessions July 13 in Washington. They have been "recessed" for months, waiting for a compromise to be worked out on deregulation of natural gas. Jack had no details on what the agenda would be for the meetings of the conferees. The week also saw the Senate vote to bar import fees on foreign oil. The President reportedly was considering imposing fees if Congress did not act on his program. Hardest hit by such fees would be the northeast which must depend on imported oil.

THE SURPRISE

Maine Times is a weekly journal of opinion usually on the side of the environmentalists. In its June 30 edition, an article was published on the whitewater rafting boom and the Hockmeyer crusade to block a new dam. In an editorial, written by Editor and Publisher Peter Cox, the newspaper took this stand:
"We praise the dam protesters for telling us we may have to give up the white water. But they should understand that given the present alternatives, policy makers may decide that is a trade-off they must accept."

A copy of the editorial is attached.

**THE BUDWORM**

With trees brown as a result of the epidemic, Roger Boynton spent several hours in a helicopter on June 28 taking color photographs. They will be incorporated into a slide program for public education. Hank Magnuson, executive director of the Paper Industry Information Office, appeared on WLBZ-TV in Bangor on June 27 when the station presented an hour long program devoted to the controversy. The station used portions of the film "Reagan's Choice" provided by Great Northern.

**TOUR**

Over 30 teachers and faculty members involved in the annual economic education workshop at the University of Maine visited the Millinocket mill and the Pinkham Lumber Company on June 26.

**AUGUSTA MEETING**

I chaired a meeting in Augusta on June 27 of the Users and Public Information subcommittee getting ready for the 1980-81 inventory of Maine's forest resources.

Sincerely,

pmc/b

Enclosures
MILLINOCKET --- Maintenance and production workers Saturday struck the pulp and paper mills of Great Northern Paper Company in Millinocket and East Millinocket. Great Northern Paper is a division of Great Northern Nekoosa Corporation.

The two mills have an annual production capacity of 800,000 tons of groundwood printing paper and newsprint.

The striking employees Friday rejected a contract offer which would have increased wages 22.2 percent over two years and provided substantial improvements in fringe benefits.

A Company spokesman said no further negotiations have been scheduled.
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 three weeks ending July 21:

**Drawing the Line on Spending**

Two dozen members of the Governmental Affairs and Taxation committees of Associated Industries of Maine met on a hot and humid evening in Augusta on July 20 to evaluate the proposal to put a limit on state spending. Governor Longley has said he will call a special session of the Legislature late this summer (probably opening on September 5 according to Augusta sources) to consider a proposed constitutional amendment to limit spending. If approved by the Legislature, it would go to the voters for approval in November.

While the Maine Tax-Limitation Committee has picked up strength since the Jarvis Amendment cutting property taxes was passed in California, the proposed constitutional amendment in Maine does not deal with taxation at all. The amendment would place a cost-of-living ceiling on the future growth of spending at all levels of government --- unless the increases were approved by the voters.

The two dozen people at the Augusta meeting agreed that the necessity for the amendment emphasizes that "government spending is out of control." Senator Morrell of Brunswick, an AIM director, agreed that the Legislature no longer is able to withstand the pressures to spend more and more. Morrell should know. He's on the Appropriations Committee.

Will there be risks involved? The amendment "is as flexible as you can make it --- if you are going to have anything which means anything," Attorney Robert Moore said. "I'm not afraid of this, not at all," said Attorney Robert Marden, the former Waterville mayor who represents Central Maine Power Company. "If this doesn't pass, we will face a Proposition 13 or something more radical," warned Bill Webster, executive vice president of Depositors Trust Company.

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

Republican Gubernatorial Candidate Lynwood Palmer is out front in calling for passage of the constitutional amendment.

Democrat Joe Brennan is worried over pegging the cost of government to the increase in the cost of living. He might prefer that the rate of growth of personal income in Maine be the guideline.

One way or another most of the politicians are expected to favor it according to the lobbyists at the meeting.

The two committees will recommend to the directors of Associated Industries that the Association support the amendment and urge member companies to contribute financially to the Maine Tax-Limitation Committee.

Tom Kelly, Lynwood Hand and I attended the Augusta briefing.

**Penobscot Symposium**

Paul Firlotte and Bob Bartlett will be among the speakers when the Natural Resources Council of Maine sponsors a Penobscot River Symposium in Bangor on Thursday, August 10. The afternoon and evening sessions will include a report by the Bureau of Parks & Recreation on its study of the upper Penobscot and panels discussing the benefits of energy and recreation and management of the river.

**One Down, Two to Go**

In the July 31 issue of Fortune Magazine, the expected article on the Maine Indian land claims appeared, entitled "How the Indians Frightened Great Northern Nekoosa." The conclusion as written by Aimee L. Morner was that the probable route to compromise "would require the tribes and landowners to agree on how much the latter will sell to the Indians at market prices. Then Congress would have to appropriate enough money to pay for the acquisition. Probably the State of Maine will have to agree to continue its $1.7 million-a-year dole for the Indians. Then, perhaps, as Hellendale has hoped all along, the tangled dispute will come to an end."

We can expect to read a story on Great Northern Paper Company in the next issue of the New Englander magazine.

Coming up soon will be an article on the whitewater rafting issue on the West Branch. Dan Levin of Sports Illustrated spent two hours with Paul Firlotte and me on July 10. I later wrote Levin indicating that I anticipated that the East Millinocket bark burner would get a higher priority than the dam, at least for now.
The Strike

Since the strike began, we have prepared, almost daily, brief memorandums summing up developments. In the first three weeks, we answered over 100 calls from reporters, trade associations, radio and television newsmen and government officials. Copies of Bob Hellendale's letters to employees were sent to community leaders, the press, State and Federal officials.

Paper Industry

Despite objections from St. Regis and Georgia-Pacific, directors of the Paper Industry Information Office on July 14 tentatively approved a budget increase. The 1979 assessments are predicted to total $153,000 of which Great Northern will pay approximately $23,000. The additional funds will step up the Office's governmental relations program with emphasis on the spruce budworm, Tree Growth Tax, forest management and other forest-related issues.

Sincerely,

pmc/rr

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B. P. Ellen D. J. Krohn A. W. Philbrick G. E. Veneman
P. I. Firlotte W. E. Lloyd T. S. Pinkham P. H. Welch
T. H. Flanagan O. J. Lombard C. H. Reed P. F. Yacavone
J. M. Giffune V. F. Mattson
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 28:

**ISSUES OF 1978**

Here is a mid-year summary of major public issues in which Great Northern has an interest:

**Indian Land Claims** -- Attorney General Brennan and U.S. Assistant Attorney General Moorman are scheduled to meet July 31 to explore the possibility for a settlement between the State and the Federal government before the filing of a suit against the State. A conference of attorneys involved in the case has been postponed from July 19 to July 31 by U.S. District Court Judge Gignoux. On July 26, the Governor issued an eight-page statement which generated front page headlines. "Longley Makes It Clear: No Indian Negotiations" said the Portland Press Herald. The Bangor News said "Longley still opposes negotiating land claim." Peter Slocum of the Associated Press summed up the statement by saying the Governor renewed his campaign against negotiating a settlement less than a week before a scheduled meeting between State and Federal officials. He reported, "The tribes, meanwhile, are negotiating with the 14 large landowners and have asked the Federal government to bring suit against the State alone."

Brennan reaffirmed, in a report to legislators on July 27, his opposition to an out-of-court settlement, that provided a Portland headline: "Court Battle On Indian Land Suit Certain - Brennan." Newspaper stories based on comments by Presidential Counsel Robert Lipshutz earlier indicated that the White House was almost ready to send legislation to Congress which would provide for $25 million to settle claims against all but the 14 largest landowners. Lipshutz said the bill hit a snag when Malecite Indians said they were going to court seeking a share of any settlement.
Issues (continued)

Energy --- Although the Senate on July 18 approved the first portion of President Carter's plan to emerge from the House-Senate conference committee, the entire package is still bogged down in the Congress. Great Northern has been particularly interested in the portion dealing with financial incentives for converting from oil to other sources of energy --- wood waste and hydro power, for example. The conference committee dealing with energy taxes met for a day on July 13 but didn't do anything.

Chuck Wilson, the American Paper Institute staffer who monitors the conference, isn't expecting much to be accomplished, if anything, this year. He sees a slim chance for some assistance for homeowners who insulate to save oil but not much more coming out of the committee. On the State level, the new Energy Director, John Joseph, has indicated an interest in making it easier for industries to burn wood and wood waste; so has the Maine Audubon Society. This could mean an alliance of industrial and environmental groups in the next session of the Legislature. The aim would be to modify existing air pollution standards.

Air Pollution --- While the strike continued, legal action on the Millinocket sulfur dioxide problem was shelved. Whether the State standards for emissions such as these might be modified in an overhaul of the pollution laws is questionable. It is, however, one of the subjects which a committee headed by Jim Vamvakias (and on which Great Northern's Pat Welch serves) will consider. The committee composed of representatives of Maine industry will report to the Governor on its review of all such laws. Anticipating, perhaps, this thrust, the Land and Water Resources Council composed of the chiefs of State environmental agencies has hired Barbara Reed Alexander to see if the permit procedures can be streamlined. She's an environmentalist who speaks up frequently on behalf of the Maine League of Women Voters.

Spruce Budworm --- The situation was described this week at an Augusta meeting as being on par with 1975, with the added severity of more dead trees in the forest and more defoliated trees, which probably will not be saved through further spraying. The traditional approach to fighting the problem is in trouble. The State Department of Conservation wants to get out of the spraying business after 1981. The Department's policy is raising questions about Federal participation. Critics of spraying are becoming more numerous. The short-range challenge is to get a 1979 program involving possibly four-million acres approved by the Legislature. The Paper Industry Information Office budget has been beefed-up to offset the loss of enthusiasm by the State Department of Conservation. The need for a budworm control program has got to be explained to every candidate in this election year. A 35 mm slide program and new books of pictures are being prepared as educational tools. Until another way to save the trees is found or sound reasons found for abandoning the spray program, Great Northern will advocate continued cooperation between the State and Federal governments with landowners picking up a substantial share of the cost.

West Branch --- The State Department of Conservation continues to seek to develop a plan to manage the recreational use and preserve the natural beauty of the upper Penobscot watershed. Great Northern is cooperating. Conservation Commissioner Barringer says he wants to submit a plan to the Governor by late summer. The issue is going to get more attention from the news media as the October deadline nears ---
Issues (continued)

if the Governor wants to ask for Federal designation as a Wild & Scenic River, that's when he has been asked to take action. Wayne Hockmeyer, the man in the whitewater rafting business, continues to lead the opposition to any new hydroelectric dams. Since June, he has generated 33 letters in Maine newspapers opposing the dam (there have been seven in favor). The Natural Resources Council of Maine will make the issue a front page story with a Bangor Symposium on August 10 in which Bob Bartlett and Paul Firlotte will participate. Eventually it is expected most of the environmental groups will support Federal designation --- blocking a dam. For now, however, the NRC's leadership says it has taken no stand and apologized last week when a wire service said it was opposing the dam.

The Cost of Government --- In this political year, the cost of government is going to be the big issue in Maine. Republican Gubernatorial Candidate Palmer has already come out for putting a ceiling on spending and Democrat Brennan is moving in that direction. They reflect the mood of the people. If tax reform becomes a part of what happens in Augusta, the Tree Growth Tax Law could well be a target. The formula for taxing timberlands has created problems for some small municipalities with lots of commercial forest land, shifting the burden onto protesting homeowners and small businessmen. The bulk of Great Northern's Maine lands, however, are in the unorganized territory where they are taxed on the basis of services. Associated Industries of Maine is preparing to recommend support for the tax limitation campaign. A constitutional amendment will likely be approved in a special session in September and sent to voters in November. The forest industries will support the Tree Growth Tax formula for woodlands in a program to be coordinated by PIIO.

Forest Management --- The next session of the Legislature is bound to get another proposal to impose timber harvesting regulations and control road construction. One is being drafted in Hancock County. In addition, there will be legislation backed by sportsmen to control the use of herbicides such as 2,4,5T to control weeds and eliminate undesirable species of trees from forest lands.

Woods Labor --- While the leaders of the Maine Woodsmen's Association remain vocal, the focus on the issue of Canadian labor has shifted to Washington where there is more talk of restricting aliens working in the United States.

**THE LETTER**

After Dan Levin came to town to discuss the possibility of a dam eliminating the whitewater on the West Branch, I wrote him a letter indicating the Company was committed to a new bark boiler and predicted that it would soon be announced that all work on the hydroelectric project (except the salmon fisheries study) would be halted. On July 27 Tim Elledge of the Maine Sunday Telegram called saying he had been told of the letter and asked, "Was it just a public relations gimmick to head off controversy?" He wanted specifics. We read him the letter and said that the Company's position would be outlined in a few weeks. The next morning Hockmeyer called to say he had been told of the letter. A few minutes later Elledge called again, asking for facts on the boiler, etc. Elledge is a whitewater rafting enthusiast who wrote the stories critical of Great Northern last year when Hockmeyer was demanding access to McKay station. It can be expected that Elledge will write a critical story in the Sunday newspaper.
THE MEDIA

In addition to 19 calls from newspapers, radio and television people regarding the stride, we had other inquiries. David Bright of the Bangor News is writing a story on the "cleaner Penobscot" and wanted facts on Great Northern's expenditures on pollution control. Don Corrigan of WCSH-TV is doing a piece for his monthly "television magazine" on the Penobscot and will be in the area Wednesday, August 2. Debbie Strumbello of the Lewiston Sun wanted to know what the Company's position was on the tax limitation question and tax reform.

MEETINGS

On Tuesday, July 25, I attended a meeting of the users committee planning the resurvey of the State's forest resources in Augusta. The trip also included stops at the Cardin agency in Bangor and Ad-Media in Augusta where we have projects in progress.

Sincerely,

pmc/rr
Great Northern Paper
a company of
Great Northern Nekoosa Corporation

Paul K. McCann
Manager Public Affairs
August 25, 1978

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

Dear Bob:

The Public Affairs newsletter for the week ending August 25:

THE SPECIAL, SPECIAL SESSION

On Wednesday, August 30, starting at 9 a.m., the Committee on Appropriations and Financial Affairs will hold in Augusta's Civic Center a public hearing on a proposed constitutional amendment which would "limit the amount of expenditures which may be made from tax revenues without voter approval." A week later, at 10 a.m., on Wednesday, September 6, a special session of the 108th Legislature will convene at the State House to consider the amendment. If passed by a two-thirds majority in each house of the Legislature, the amendment will be sent to a referendum on November 7 in conjunction with the general election.

The Maine Tax-Limitation Committee has drafted a constitutional amendment (which the Governor will submit to the Legislature) that essentially would limit government expenditures each year to the preceding year's amount plus an indexed adjustment for certain changing conditions such as costs and population changes. Expenditures over the limit would require voter approval.

Although in the works before the approval of Proposition 13 in California, the Maine proposal picked up momentum on the strength of what happened there and has also benefited from the spreading national debate over how to curb the cost of government.

In addition to the Governor, the proposal has a lot of support. Republican Gubernatorial Candidate Linwood Palmer is urging its adoption. So are most Republicans. In the business community the Maine Tax-Limitation Committee has the support of Associated Industries of Maine, the State Chamber of Commerce, the Maine Merchants Bureau and the Savings Banks of Maine. The Farm Bureau is on the bandwagon. So is the Maine Municipal Association. Some of the news media also favor a ceiling.
Special Session (continued)

Opposed are the Democratic leadership of the Legislature, the legislative staff, the Maine State Employees Association, the American Federation of State, County and Municipal Employees, the human services or welfare lobby, and some news media.

In the middle are Democratic Gubernatorial Candidate Joseph Brennan, most Democrats, the non-public unions and the academic community.

The fact that it is an election year is resulting in the political implications of every move being interpreted as a partisan effort -- and many of them are. (Brennan is considered the frontrunner in the campaign with Palmer trailing and Independent Buddy Frankland coming on strong in some areas.)

The press is reflecting the issues:

"My first concern about the amendment to restrict state spending is a philosophical one. This amendment can be seen as embodying a philosophy that government services should only be measured in terms of dollars and not intrinsic worth, value of importance to persons needing these services. Those factors have apparently no role in the appropriations process envisioned by this amendment....Complete extension of the elderly tax and rent refund program, and the free drug program, to thousands of Maine's elderly, particularly in rural areas will be effectively precluded by this amendment."---Marshall Cohen, legislative director, Pine Tree Legal Assistance, Inc., in the August 18 edition of the Bangor Daily News.

"Government spending at the state level, as reflected by taxes, has increased 354 percent since 1965. Local gas collections have risen 269 percent. And while taxes are going up total personal income in Maine increased only 177 percent. Even Mr. Cohen must admit that we cannot keep this trend going very long before there won't be anybody left who can afford to live in this Great State!"---Robert Chaffee, director of Maine Tax-Limitation Committee, writing in the August 25 edition of the Bangor Daily News.

"Obviously, legislators going to Augusta in September are going to be running scared. They now know the mood of the taxpayer. It is ugly. And they are likely to vote blindly for anything which appears to put them on the side of stopping the growth of government and limitation of spending....So we urge legislators to take a very close look at that 'cost of living escalator' clause before they throw it out to the people, if they do."---Editorial, Lincoln News, August 17.

Legislative leaders were meeting today to determine what issues would come before the special session. The Governor reluctantly (Longley would have preferred to have also proposed tax cuts) agreed to limit the session to only consideration of the constitutional amendment. Leaders of the Legislature were under pressure to follow the Governor's lead although liberal Democrats prefer tax reform to the spending ceiling. Republicans control the Senate, Democrats the House.

What chance does the amendment have of winning two-thirds support of the House and Senate?

"Fifty-fifty," says Great Northern's Lynwood Hand, "Joe Brennan is the key. If he supports it, the Democrats will follow him. If he doesn't, they may well block it because it would benefit Palmer's campaign."

"Right now we appear to have the Senate under control -- and we have a shot at the House," reports Bob Moore, the AIM lobbyist.
THE STRIKE

During the week I answered approximately 30 calls from newspaper reporters and from radio and television newsmen. Most of them came from Maine publications and stations as well as the wire services. Clippings of the week reflected some of the out-of-state interest in the strike. In the August 24 editions of the Boston Globe, reporter Marguerite DelGiudice wrote "Both sides are acting like relatives who have tired of quarreling and plan to make up. This confidence in eventual reconciliation makes them reserved in what they say about each other." Tracing the historic relationship between the mill and the community, the Globe reported: "The mill assumed a paternal role with the town and encouraged an intimate relationship between the two. But the 1950s brought with them increased competition within the paper industry, and the mill fast slipped from father to distant cousin." The August 12 issue of Editor & Publisher and the August issue of Pulp & Paper also reported on the strike.

The office staff had a hand in three mailings to management employees and community leaders. Mailed were a progress report on exploratory talks with the unions, a second on the mediator's proposal and a third containing specifics of the proposal as well as a copy of the Governor's appeal for a quick settlement. In addition two memorandums covering developments were distributed in Maine and sent to Columbia, Boston, Des Plaines, Stamford, Cedar Springs and Port Edwards. So far we have prepared 26 such reports.

THE PENOBSCOT

In the wake of Great Northern's announcement it was suspending work for now on the hydroelectric project and with the Penobscot River Symposium behind us, this issue has quieted down. Paul Firlotte was interviewed on the subject on a statewide television program Sunday night, August 20, by Don Carrigan of the Maine Broadcasting System program "F.Y.I." The interview was taped August 2. It was broadcast over WSCS-TV in Portland and WLBZ-TV in Bangor. Carrigan balanced the arguments for energy and other benefits from the river, such as the opportunity for whitewater rafting. Mrs. Susie Hockmeyer spoke up for the rafting groups.

Approximately 125 community leaders, businessmen, conservationists, bureaucrats and others were sent copies of the speeches Bob Bartlett and Paul Firlotte made in Bangor on August 10.

WORKMEN'S COMPENSATION

There is currently pending before the Insurance Commissioner an overall rate increase request of 39 percent for Workers Compensation. The last time the Insurance companies asked for a big boost in premiums it was opposed mainly by the paper industry which hired attorney Donald Perkins to probe the reasons behind the request. Perkins' opposition resulted in the Commissioner rejecting the proposal and accepting another which saved employers hundreds of thousands of dollars. This time Associated Industries of Maine's Ron Colby is seeking to put together a coalition and raise $10,000 to hire Perkins and a consultant to question the boost in the rates. Colby will seek support from the Maine Municipal Association, the Maine Truckers Association and Associated General Contractors and others as well as the Paper Industry Information Office. This means a broader base of participation and could lead to a legislative coalition.
THE DEMOCRATIC PARTY NEWSLETTER

In the July issue of the newsletter of the Democratic party, Michael Gibbs is the author of an article on how State Representative Donald Hall and Platform Committee Chairman Don Parsons are seeking to improve the wood market. Much of the article, however, was devoted to charges against the paper companies and Great Northern. "If the Attorney General's allegations are correct, the happenings in Ashland demonstrate that Great Northern has the power to manipulate price structure and operations of the wood industry within the geographical boundaries of the companies' operations," says the article. A rebuttal is under consideration.

Sincerely,

pmc/b

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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 September 1:  

THE QUESTION IN AUGUSTA  

Linwood Palmer, the capable minority leader of the House of Representatives, is the Republican candidate for Governor. He is championing an amendment to the constitution which would limit spending by state and local governments. Palmer is supporting a bill which Governor Longley has called the Legislature into special session to consider on September 6. When legislative leaders (the five Republicans and five Democrats reflecting the fact the GOP controls the Senate, the Democrats the House) met on August 25, Palmer wanted the session limited to the Governor's proposal. House Speaker John Martin wanted a property tax exemption bill included in the call for the special session. Palmer apparently couldn't hold his Republican colleagues behind him. The leaders allowed four bills to be included in the call, besides the Governor's proposal.  

A two-day public hearing was held on the five in Augusta this week. Considered were:  

1) the constitutional amendment limited spending;  
2) a constitutional amendment limiting taxes;  
3) a proposal by a group of mayors which would establish spending limits;  
4) property tax exemptions (Former Governor Curtis, a Democrat, and Former Congressman Tupper, a Republican, now law partners, got together and said they supported this approach at a Portland press conference adding more liberal support to Representative Jasper Wyman's proposal.);  
5) a constitutional limit on property taxes.
Can legislators accomplish anything in an election year with the Governor a lame duck and Republicans and Democrats at odds?

"After a couple of weeks they will probably agree to disagree and send the whole matter to study," Hank Magnuson of the Paper Industry Information Office says.

"It looks like an election year jungle fight. They will probably discard the idea of placing a ceiling on spending on municipalities. What will happen in the House, I don't know," says Ron Colby of Associated Industries of Maine.

"The two parties caucus next Tuesday. That's when we will find out," Great Northern's Lynwood Hand reports. He said the hearing in Augusta didn't attract many people. Many of those at the hearings were legislators. Hand added that after the hearings some of the more knowledgeable legislators were predicting this chain of events: The Democrats would make sure all of the bills were reported out of committee but after debate none would be accepted.

A homestead tax exemption and rebates for people who rent, such as that proposed by Wyman, would result in a major shift in the tax burden in towns such as Millinocket. It would add hundreds of thousands of dollars to Great Northern's tax bill. Another concern is that a ceiling on spending would prevent the state from collecting and spending fluctuating amounts of money to spray forests as part of the spruce budworm control effort. Donald Perkins, legislative counsel for the Paper Industry Information Office, drafted an amendment designed to permit continuation of the budworm program. It's also covered in a substitute for the entire amendment being proposed by Senator Huber, limiting the budgetary ceiling to only state government. An omen of things to come was an amendment added to the proposal to limit the property tax. Representative Jim Wilfong would do away with the Tree Growth Tax Law. Wilfong's amendment was killed by the Committee.

While most observers don't think it would come during this special session, a big battle is shaping up over tax reform. It will probably come in the regular session opening in January.

**Fighting the Budworm**

John Christie and Tom Paine of Ad-Media, the Augusta advertising and public relations agency Great Northern uses for Maine business, came to Millinocket on August 31 to be briefed on the spruce budworm situation by Bob Bartlett, Dan Corcoran and Les Haselton. The next day Ed Cates guided them on a helicopter tour of the West Branch woodlands. With Christie and Paine for the briefing were Hank Magnuson of PIIO and Lynwood Hand. We have asked Ad-Media to come up with short and long range recommendations on a public and governmental relations program to deal with the budworm problem. A preliminary report will be completed by September 15.
THE STRIKE AND ITS AFTERMATH

When the strike ended on Monday, August 28, Mary Bailey and I answered 17 calls from representatives of the press and broadcast media. The next day we had another rash of calls and did a television interview with Patsy Wiggins of Channel 5 in Bangor. Bob Shinners explained the Company's desire to see the mills run over the Labor Day holiday in an interview with Maryanne Legasse of the Bangor Daily News.

The series of reports on the strike situation ended with a Tuesday memorandum. A lot of people have commented on how much the reports were appreciated. We've also had some criticism that they should have been daily and should have contained more detail. If others have thoughts, they would be appreciated. Internal communications in a crisis is important. We will try to improve the quality and scope of the memorandum another time.

QUESTIONS AND ANSWERS

In answer to inquiries regarding the strike, we faced questions on other subjects during the week. A Boston Globe reporter and John Keys of WMKR, the Millinocket radio station, called asking for comment on price-fixing charges filed against Great Northern Nekoosa Corporation in Massachusetts. After talking with Arnold Nemirow, I explained that there were 30 other similar cases scattered around the country and denied any wrongdoing.

A reporter for WGUY radio in Bangor called with questions regarding the company's air pollution problems in Millinocket. That same day, August 31, the Bangor News had reported that the Company was planning to spend $1 million to try and solve the sulphur dioxide problem.

GET ACQUAINTED SESSIONS

Lynwood Hand and I accompanied Peter Yacavone on a visit to Augusta when he visited with the two candidates for governor, Palmer and his Democratic opponent, Joe Brennan.

WORKMEN'S COMPENSATION

Associated Industries' Colby said he as been getting a favorable response from groups he has been inviting to join in a coalition to probe the justification for another big jump in workmen's compens- tion insurance. Besides AIM and PII0, he said the Maine Municipal Association, Maine School Management Association and Associated General Contractors of Maine all have tentatively agreed to join and the Maine Poultrymen's Association, the Maine Hospital Association, the Maine Forest Products Council and the Maine Merchants Bureau have expressed an interest. The goal is a $10,000 fund to retain counsel and a consultant.

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 September 8:

**SARDINES, BLUEBERRIES, POTATOES, MILK AND TREES**

What do sardine fishermen, blueberry and potato growers, dairymen and tree farmers have in common in Maine? They pay special taxes. Some pay to protect the resources on which their business is based. Others pay to promote a product. In Augusta, the bureaucrats and the politicians lump the income from such taxes together and call it "dedicated revenue." Biggest of the special programs is the road-construction fund generated from the gas tax.

It's been apparent that the constitutional amendment drafted by the Maine Tax Limitation Committee would blanket these special taxes as well as those which finance the general operations of state and local governments. Donald Perkins, legislative counsel for the Paper Industry Information Office, did the research for the industry and reported "Review of this amendment reveals a potential problem in future funding of the budworm program. To the extent that future programs may exceed the 1978 program, they would be in competition against a fiscal year appropriation ceiling which could not exceed the prior year, except for the cost of living increase. While the 1978 budworm program was at a high level, there could be a problem in the future." Lynwood Hand, Great Northern's legislative counsel, tracked the issue for the Company. It was a critical one because the 1979 program is probably going to cost $12 million compared with the $4.5 spent this year.

When the legislators gathered in Augusta this week, the constitutional amendment was quickly given preliminary approval in the Senate, 30-2, and tabled to await a major amendment being drafted by House Majority Leader Linwood Palmer and his staff. They were reported to be trying to please both the Maine Tax Limitation Committee and the Governor. They were reluctant to exempt all of the dedicated revenues. Hand and his
colleagues, lobbying on behalf of the paper companies were convinced that exempting only the tax financing the controversial budworm spraying would create an issue, rather than solve a problem. Leaders of the state's agricultural and fishing interests joined in asking that their taxes be made exempt. While business will probably benefit like all taxpayers from placing a curb on spending, it was pointed out that without spraying, a big share of Great Northern's raw material for the future will be jeopardized. Finally, Friday morning, it was agreed that "dedicated revenue accounts for programs and services in effect on the date of this amendment, including proceeds of taxes on owners of products or resources used to promote or protect such products and resources" will be exempt. In working out the compromise, the industry lobby and others attracted attention, and criticism. Hand anticipated this in advance and we agreed it was necessary.

House Speaker John Martin has told people that he will accept a constitutional limit on spending if provisions are included to reimburse towns from the general funds for property tax revenues lost as a result of the Tree Growth Tax Law. It's also needed. The Tree Growth Tax Law is in trouble because in many small communities the tax burden is being shifted to homeowners when timberlands are assessed under the law's formula -- which was enacted to encourage forest management by basing taxes on growth rather than on market value. The last session of the Legislature decided to tax the unorganized territory on the basis of the cost of services. That's where most of Great Northern's timberlands are located. Still the Tree Growth Law is vitally important to the thousands of owners of timberlands in the organized cities and towns. The industry has an amendment to the law ready, if needed, which will define timberlands only as those actually used for growing crops of trees. This and other tax matters may be the major problem facing industry in the next session, Hand predicts.

As for the special session, Hand says the latest amendment "may fly" in the Democratic-controlled House, although it is difficult to predict.

THE MEDIA


When a fire started in the bark pile of the East Millinocket mill and the flames could be seen for miles around, a Bangor television reporter arrived at the scene. With Art Dentremont's help, we provided Paul Konstadt of WABI-TV with information on the fire. We also answered questions from Mrs. Legasse, Mrs. Erickson and Keys.

Jeanne Merserve of the Maine Public Broadcasting called to ask how many acres of Great Northern timberlands are clear-cut in a year. I told her 3,500 to 4,000. She reported that a special program on the subject will be broadcast at 8 a.m. on September 20, deadling mostly with St. Regis.
Congress plans to adjourn in a month. A post-election session is possible if an energy bill isn't passed. But it appears that most of what's going to be accomplished in this session is going to have to be done during the next few weeks. That was the atmosphere in which approximately 80 people attended a joint meeting of the government affairs committees of the American Paper Institute and the National Forest Products Association September 7 in Washington.

Two topics, taxes and natural gas, plus a briefing on public opinion, took up most of the three-hour session.

Sid Hawkes of Mead Corporation, the committee coordinator on tax matters, led off with an optimistic report on tax legislation. Hawkes said a bill passed by the House in August was "a good beginning." With hearings over, the Senate Finance Committee started this week to draft its version. The Senate climate, Hawkes said, "is very good for reductions in both the tax on corporate profits and the tax rate on capital gains."

Tom Mitchell of Georgia-Pacific is the committee coordinator on natural gas matters. He said the intensive lobbying effort by the administration isn't changing the picture. API Committee Chairman Andy Siegel of Champion International said it's too bad to have people called to the White House and told "passage of a bad bill is needed to save the U.S. and the world." API opposes the bill -- contends current laws are preferable and charges the lengthy timetable for deregulation provides little incentive for new production to meet the nation's needs. "The bill may be the only opportunity of our lifetime to join with Senator Kennedy (an opponent)," quipped Sol Mosher of Crown Zellerbach. (Maine's two senators will support the President.)

The meeting included a 45-minute summary of the "Forest Industries Public Opinion Climate" report by a vice president of Wiseman, Yankelovich, Skelly and White. The annual poll is conducted for the American Forest Institute. Public concern over taxes has risen significantly. Government spending is now blamed as the chief cause of inflation. One other point: Ralph Nader is "always or usually believed" by 44 percent of the people, television by 40, newspapers by 39, Congressmen by 18, labor leaders by 17 and corporate leaders by 15.

2, 4, 5-T

At the Washington meeting, Keith Hundley of Weyerhauser reported on the 2,4,5-T issue. He reported on a decision by Assistant Secretary of Agriculture Cutler reducing from a quarter of a mile to 200 feet the buffer strip in which the herbicide would be banned along waterways in a national forest in California. He said new data is being assembled supporting continued use of the herbicide. (An up-to-date summary on the controversy prepared by the National Forest Products Association and copies of Cutler's findings are being sent to Bob Bartlett and others interested in the subject.) In the public opinion findings, eight out of ten "key leaders" identified pesticides and insecticides as posing the greatest health problems resulting from activities of the forest industries. "Sixty percent of the public say that pesticides and insecticides are pollutants that pose serious health problems." This is a developing trend attributed to the 2,4,5-T issue. Unfortunately, spruce budworm spraying in Maine is likely to be drawn into the controversy although 2,4,5-T isn't used for this purpose. Several Maine companies have been using the herbicide.
**THE WEST BRANCH**

Herb Hartman, director of the Bureau of Parks & Recreation, called September 8 to let me know that the National Park Service has made it official -- the federal moratorium on water resource development will remain in effect on the river until October 2, 1981. In a letter, the acting regional director of the Park Service urged "the state move toward a recommendation prior to this deadline." Hartman said the Bureau is planning to complete a report on the river this fall for Governor Longley. He said that the report, among other things, will point up the growing use of the river by rafting companies -- and the present and potential problems.

Over the holiday weekend, whitewater rafting guides attributed to remove some cribwork below the Telos bridge. They ran into opposition from Peter Pray, who operates a campground in the area. He was worried about damage to his campground by flooding. This week Great Northern was asked by Wayne Hockmeyer of Northern Whitewater, Inc., what it planned to do about the hazard left. We formally advised him that there wasn't time to do anything by this weekend and urged him to advise people of the danger. While we may have put the issue of a hydroelectric dam vs. wild and scenic rivers to bed for a time, there is no sign of the pressure letting up from Hockmeyer and others. State regulation of the rafting industry may be needed.

**CONTRIBUTIONS**

We placed advertisements in the Katahdin (Sherman area), Penobscot Valley (Howland) and Mattanawcook (Lincoln) high school yearbooks. Maple syrup and lumber were donated for the Presque Isle Rotary television auction. Maple syrup and fiddleheads were donated for the Maine Press Association scholarship auction. A $200 contribution was made to the Millinocket Little League.

Sincerely,

**Paul**

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Distribution:
E. E. Allain   J. E. Godfrey    O. J. Lombard    C. H. Reed
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P. Cannella    R. Hellendale    E. V. Maxfield    E. M. Schwerin
S. A. Casey    S. G. Hobson     F. C. Morrison    J. H. Staples
A. L. Clark    K. Y. Hodsdon    C. L. Nelson     W. W. Tolley
A. B. Danforth D. M. Hrisak     A. M. Nemirow    A. J. Tozier
A. E. Dentremont P. D. Hubbe    R. W. Noyes     O. K. Tripp
B. P. Ellen    R. R. Johnson    J. F. O'Handley  R. A. Venditti
P. I. Firlotte T. W. Kelly      P. P. Paul       G. E. Veneman
T. H. Flanagan D. J. Krohn      A. W. Philbrick  P. H. Welch
J. M. Giffune  W. E. Lloyd      T. S. Pinkham  P. F. Yacavone
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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 September 22:  

**THE QUESTION**  

Lynwood Hand, Great Northern's legislative counsel, tells this story. As the special session of the Legislature was ending September 15, the Senate passed an order calling for a special committee to study the Tree Growth Tax Law. On his way out of the Capitol, Hand met Representative Carey of Waterville, House chairman of the Taxation Committee, and told Carey of the development, adding: "I thought your committee was already under orders to study the Tree Growth law." Carey said Hand was correct. The Senate order would only result in a duplication of effort. The Waterville representative led a successful House fight to kill the order. If the order had passed, Hank Magnuson of the Paper Industry Information Office says it would have been "the only affirmative action of the session." What Lynwood and Hank both are quick to point out is that the Tree Growth Tax Law is facing increasing scrutiny. It was one of the chief topics of the session called to consider a constitutional amendment to limit spending by state and local governments. Ed Penley, the retired editorial writer for the Portland Evening Express who writes an occasional editorial page column, says "the tree growth law helped torpedo the special session" which cost taxpayers $200,000. Governor Longley blamed the stalemate on "devious spenders" and the news media. Rand Stowell and John Robinson, leaders of the Maine Tax Limitation Committee, blamed it all on politics before they gave up and went home. Republican Gubernatorial Candidate Linwood Palmer threatened to start a petition drive to place the issue before voters. So did advocates of a homestead tax exemption. Everybody agreed that there is another chapter to be written.
The Question (continued)

Complicating Stowell's credibility in Augusta was the leaked story that his firm, Timberlands, Inc., was suing the state, challenging valuations imposed on forestlands the company owns as being too high. While defending the tree growth tax law as "a good law when applied fairly", Penley also wrote:

"The tree growth law says that, in order to give relief to forestland owners, wooded land shall not be taxed at its highest and best use, but in accordance with its value for growing pulpwood and other timber. Currently the value set per acre is so low that it acts as a direct town subsidy to large landowners. In Rand Stowell's case, he wants even more relief from the state, but it is plain from the subsequent actions of the House that while they were willing to grant tax relief through legislation its members were not about to vote a freeze that would injure scores of small Maine communities that are heavily wooded."

At a meeting in Augusta on September 15, directors of the Paper Industry office asked Magnuson to survey woodlands managers as to the importance of preserving the Tree Growth Tax Law. Hank wrote member companies, including Great Northern:

"Mr. Donald W. Perkins, Esq., advises that the major criticisms could be answered by TGTL amendments to temporarily cool the issues. Ultimate repeal of the law would remain a real possibility, he believes. The question, then, is whether the TGTL is so important to landowning paper companies that it is worth delaying the probable repeal, or, if repeal is inevitable, is it worth exposing the Industry to the type of bad press that will surely go with fighting to retain it.

"The question needs to be reanswered in light of the change made by the Legislature to limit the Unorganized Territory tax rate to the cost of services actually provided in lieu of municipal services there. The effect of that change is to make the method of property valuation (TGTL or ad valorem) unimportant to setting the tax rate in the U.T. The method of evaluating forestland would remain an important question within organized areas, although that importance would have to diminish with adoption of any of the amendments seen as necessary to stave off the repeal of TGTL. How much is a matter of conjecture at this point, but legislators hint that to keep the TGTL, forestlands must be valued at closer to the current average sales price--$133 per acre."

Most of Great Northern's timberlands are in the unorganized territory.

ASSOCIATIONS

At the meeting of the Paper Industry office, James River-Otis, Inc., was accepted as a new member with Vice President J. (Jay) O. Eubanks elected as a director. James River has replaced International Paper Company as operator of the Otis mill and Eubanks stayed on as resident manager. Plans for a movie on the spruce budworm problem and two publications (one summing up the previously circulated white paper, the other covering the industry position on the issue) were approved.
Associations (continued)

With Paul Firlotte and Peter Yacavone, I attended the annual meeting of Associated Industries of Maine, September 14, in Portland. James L. Ketelsen, chief executive officer of Tenneco, urged AIM support for his company's efforts to import Algerian natural gas through a proposed pipeline that would cross Maine. The meeting attracted a record 140 businessmen and women who heard retiring President Galen Cole report that 67 firms had joined AIM in the last two years, helping double the Association's revenues. In addition to the Tenneco chief, other speakers included Bill Adams, regional Environmental Protection Agency chief; Charlie Micoleau, a Portland attorney who formerly was chief aide to Senator Muskie; Roger Mallar, state Transportation commissioner, and Jim Mundy of the Greater Portland chamber of commerce. I was re-elected to a second term as a director.

Joe Lupsha has resigned as executive director of the Maine Forest Products Council. He will leave at the end of October. The Council is holding a seminar on 2,4,5T at 9 a.m., Friday, September 29, in the Nox Room of the Augusta Civic Center. Some paper companies put as high a value on continuing use of the herbicide as they do on continuing the spruce budworm spraying project.

**The West Branch**

I was in Augusta on September 14 to discuss with Parks & Recreation Director Herbert Hartman a report being sent to Governor Longley. The state agency will recommend against the Governor at this time asking that the river be designated as part of the National Wild & Scenic system. It will also urge that talks continue between the state and landowners to seek a plan to protect the river corridor's natural beauty so it can be enjoyed by canoeists and others. The department also was going to devote considerable attention to the booming popularity of whitewater rafting and the need for state regulation of the spot on the Penobscot and other rivers. Rafters have said they would support a safety program. The department also sees a need for better facilities for rafters. Governor Longley recently went down the Kennebec with Wayne Hockmeyer, the owner of Northern Whitewaters, Inc., which also has been operating on the West Branch.

Hockmeyer retracted on September 16 charges made against Great Northern in relationship to the controversial cribwork dam below the Telos bridge. Yacavone, Firlotte and I discussed the issue with Attorney Dan Boxer in Portland on September 14. I spent September 16 and 17 observing rafting on the West Branch. Engineers Bill Simpson and Charles Berry looked over the cribwork on September 18 and Berry is preparing a report on what can be done regarding the cribwork which Hockmeyer would like to see removed. The cribwork, a relic of river driving days, is adjacent to a camping area leased to Peter Pray and his mother, an evaluation of possible damage to their campsite if the cribwork is removed is also included in the study. We also talked with Warden Supervisor Steven Young regarding the cribwork.
THE SPRUCE BUDWORM

In addition to participating in the Paper Industry discussions of plans for publications and a movie, I met with John Christie and Tom Paine of Ad-Media to hear their recommendations on what Great Northern ought to be doing. They presented a report on September 22. With Yacavone and Bob Shinners, we joined Bob Bartlett, Dan Corcoran and Les Hazelton for a meeting with Democratic gubernatorial candidate Joe Brennan in Millinocket on September 12 to discuss the problem.

CANDIDATES

In addition to Brennan, U.S. Senator William Hathaway and Buddy Frankland, the independent candidate for governor, have campaigned in this area and visited the mill gates. I spent an hour with Frankland discussing issues. He describes himself as a champion of the free enterprise system.

THE INDIAN LAND CLAIMS

The U.S. Justice Department has asked for a six months delay in filing charges because the Attorney General Griffin Bell wants more time to seek a compromise settlement. The Governor said Brennan shouldn't have agreed until the Carter administration agreed to pick up the entire cost of a settlement. The whole matter is entwined deep in the politics of an election year. Said the Bangor Daily News in a September 13 editorial: "It seems that in Washington, with the exception of a couple of congressmen from Maine, Bell is about the only one we've got when it comes to the Indian land claims." Said the Ellsworth American on September 14: "The Senatorial election gives Maine citizens a pretty clear alternative. They can vote for Senator Hathaway who wishes to give up an unknown amount of money or they can vote for Representative William Cohen, who wishes to settle in the courts the extravagant, outrageous and indefensible Indian land claims."

THE MEDIA

Bob Cummings, the Portland newspapers environmental reporter, was named Maine "Journalist of the Year."......Questions regarding the end of the strike and our market outlook came from Paul Doebler of Publishers Weekly on September 20. With guidance from Paul DeMarrais, we provided him with an optimistic summary......I joined Bill Caldwell of the Portland newspapers for the Controllers Department's Annual Meeting September 21 at Sebasco Estates. Bill talked about the Maine scene. He'll also speak at the Sales Department's annual session in October in Connecticut......Tim Elledge of the Portland newspapers had questions regarding the West Branch rafting issue on September 14 but didn't follow up when he found out the Company had no plans to curb Hockmeyer's activities.

Sincerely,

Paul

pmc/rr
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 September 29:

NOT THE USUAL LAME DUCK

Governor Longley isn't the usual helpless or ineffective lame duck. Although he has only three months remaining in his term as governor, Longley is still making headlines. He has crowded the election year candidates off the front pages. They've been reacting to his moves.

For example, he generated these headlines:

"Tax-cut session called"
---Portland Press Herald

"Longley calls legislators back to consider tax cuts"
---Bangor Daily News

An editorial comment included:

"Calling the state legislature together to vote on a tax cut package weeks before the election strikes us as a masterful stroke by the governor." ---Bangor Daily News

In a letter to the Legislature, the governor wrote:

"It now appears certain that we have once again overtaxed the people of this state and there are excess revenues which can and should be returned to the taxpayers." He said there is an extra $20 million. Longley asked legislators to indicate a preference for one of two approaches -- a tax relief package such as that passed in the regular session, or property tax credit.

"From a political standpoint, its glorious. From a rational standpoint its absurd," said Senator Huber, chairman of the Appropriations Committee. He and others know that the Legislature spent two weeks in Augusta in September and didn't get...
Lame Duck (continued)

anything accomplished. Some people also don't agree that there is $20 million available.

The session will probably take place on or around October 20 when the Senate is scheduled to act on several appointments. Lynwood Hand and others hope the Tree Growth Tax Law and other issues do not pop up again as they did in September.

**BUDWORMS, LURC AND SEARSPORT**

Representatives of Great Northern Paper Company on September 27 discussed the spruce budworm problems, the zoning of the West Branch region and the development of the Port of Searsport in meetings in Augusta.

First, with Bob Bartlett, Dan Corcoran and Bob Hellendale, we met with officials of the State Department of Conservation and a member of the governor's staff to report on the Company's increasing concern over the spruce budworm situation. Conservation Commissioner Barringer and Insect Manager Lloyd Irland indicated they expect to recommend spraying of four million acres next year. The Governor, who had questioned Bob Hellendale about the problem a few weeks ago, attended only for a brief time. The day before the Governor had gone down the West Branch on a rubber raft and he had several questions on this subject.

Following that meeting, Bob Bartlett and I visited with Ken Stratton, executive director of the Land Use Regulation Commission. He and his staff are preparing for the permanent zoning of the West Branch region. We've been apprehensive that the watershed will be singled out for special treatment because of the publicity generated by the Wild & Scenic Rivers study.

In the afternoon, Phil Paul and I met with Commissioner Mallar, Deputy Commissioner Webster and Transportation Director Fernald at the offices of the Department of Transportation. We followed up on a September 22 meeting on the future of the Port of Searsport, seeking to clarify Mallar's thinking on what the role, if any, of users should be in the project.

The night before Bartlett, Corcoran and Hellendale and I met with John Christie and Tom Paine of Ad-Media. They are working on developing materials to explain the spruce budworm problem to our employees, the public and others. A slide-tape show, a pamphlet and a public opinion poll will be the first steps.

**THE WEST BRANCH**

As he did during a conversation in Augusta earlier in the week, the Governor was quoted by reporters on September 29 as telling a news conference his decision on the proposal that the upper Penobscot be designated as a national "Wild and Scenic River" is linked to his position on the Dickey-Lincoln hydroelectric project. His West Branch raft trip (he has also gone down the Kennebec) reaffirmed the Governor's appreciation for the beauty of the river corridor. Aides say he wants to see an agreement between landowners such as Great Northern and state agencies which will safeguard the river's future.
The West Branch (continued)

The Governor could duck the Penobscot issue entirely. He is being criticized for dillydalling on the hydroelectric project. Essentially it is believed the Governor opposes any further Federal role in any aspect of Maine life. But he also doesn't like to find himself in the ranks of those against everything. How much Longley's position on these issues will matter at this stage of his term is also questionable.

In addition to the Governor's actions, this week engineers completed a report on the controversial cribwork below the Telos bridge on the West Branch. Now it's going to have to be decided if it will be taken out, or repaired, who's going to do it and who's going to pay. Wayne Hockmeyer said his last raft trip of the season was scheduled on October 1.

From The Record

During the September special session of the Legislature, members generated 89 pages of proceedings. While the session was supposed to be devoted to considering a constitutional amendment to limit spending, a lot of time was spent talking about the Tree Growth Tax Law. Two quotes are representative of what was said.

Representative Hall of Sangerville, a tree farmer and frequent critic of the pulp and paper industry:

"...One other thing on this tree growth tax law. I would like to tell you what would happen in the little town of Sangerville that I live in if Don Hall put his land into it. I am not going to, even though it costs me dollars and cents, until I see the inequities changed. This was worked up by the town manager in my town, so it must be pretty near right because I have paid taxes on it now for pretty near 50 years. The valuation of my land, 462 acres, if it were all in tree growth, would be $14,599, or $31.60 an acre. But the actual value by the town as it is valued would be $125 an acre, or $57,750. Now, here is the kicker! Under the tree growth, which I can do, I could get by for $218.98, and you know who would be picking up the tab, the people, and there are a great deal of them, that work in the woolen mills and textile and wood turning mills for minimum wage for a long time. And I am telling you folks that they don't get a very big Social Security as it is. So I would be costing my people up there $647.73. Do you think that is fair? I am not advocating getting rid of the tax to begin with, because I think it has good merit, but this isn't good merit, and that is one of my biggest obstacles of wanting to do anything as hurriedly as we have been down here in putting it in the Constitution."

House Speaker John Martin of Eagle Lake:

"...I am not suggesting nor will I ever, unless we solve our problem with law, I am not suggesting that we repeal tree growth, because there is a basis as to why it is in law and ought to continue. It is an attempt to prevent development, it is an attempt to keep trees for production of fiber. That is critical to this state and that is why the law was put into effect, but it was not created to transfer that burden from those people to those who don't have it, and that is exactly what has happened since this law has been effected, when we went to 100 percent."
**THE MEDIA**

Gloria Hutchinson, a free lancer working on an article for Down East magazine, called on September 26 with questions regarding camping on Great Northern timberlands.

With guidance from Paul Firlotte, we provided the Paper Industry Information Office with information on Great Northern's energy conservation program. The PIIO staff is preparing an article on what's being done by paper companies in Maine.

Jim Hohman of United Press International in Augusta, Bill Yates of WCSH-TV in Portland and a staffer for the Bangor Daily News had questions on September 29 regarding the impact of the rail strike. With guidance from Phil Paul, we told them that it appeared we had adequate car supply for the weekend and no immediate problems.

In Orono, I met with John Greenwood of the Maine Public Broadcasting Network. He's producing an October 12 program on the future of the Penobscot with Pat Schroth and Angus King as co-hosts. Paul Firlotte has agreed to represent Great Northern. Also on the program will be State Parks & Recreation Director Herb Hartman and Bill Stearns, the expert canoeist.

Ann Schumacher, an assistant editor of the New York Sunday Times magazine, called at Jim Blickle's suggestion. She will be visiting in Maine on October 11 and 12 and wants to see the papermaking process -- from the stump to the rail cars taking the product to market. The former Newsweek magazine staffer is in charge of production for the magazine.

**THE COALITION**

Associated General Contractors, Maine Hospital Association, Maine Merchants Association, Maine Municipal Association, Maine Poultry Association, Maine School Management Association, Maine Forest Products Council, the Paper Industry Information Office and Associated Industries of Maine have formally joined together to oppose the 39 percent average rate increase being proposed in worker's compensation insurance.

Attorney Donald Perkins has been retained by AIM, to lead the organization. Perkins has also retained an outside expert, Harry Richards of Independent Actuarial Services, Inc., South Windsor, Connecticut.

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 October 7:  

**WAGE AND PRICE CONTROLS**  

Attendance wasn't up to par when the joint committee on government affairs of the American Paper Institute and the National Forest Products Council met October 6 in Washington, D.C. A dozen, or more, members were engaged in lobbying or monitoring efforts related to the adjournment drive in progress in the Congress. Still over 50 persons attended the meeting presided over by Andy Sigler, chairman of Champion International. The subject of wage and price controls wasn't formally on the agenda but the subject kept coming up. A full-scale discussion was kicked off when the Council on Wage and Price Stability's hearings on trends in lumber pricing came up late in the morning.

"Our response in the Council hearing was really directed against the threat of mandatory controls," Art Smyth of Weyerhaeuser said. A senior vice president of Weyerhaeuser was one of three persons who testified at the October 4 session. Smyth and Joe McGrath of the NFPA said they think the lumber industry is in good shape, that the Federal agency understands and accepts as necessary the trends in the past year, but Smyth said "I am getting very nervous that we are going to slip into controls again." There were also these remarks:

---Voluntary controls are coming in a couple of weeks;  
---In eight months, the administration will be able to compare events with guidelines and demonstrate voluntary controls will not do the job;  
---Staff people of the White House continue to contend that the President is against controls;
Controls (continued)

---Something in between voluntary and mandatory controls may be tried--some sort of penalties linked to the tax laws with benefits for those who stay within the guidelines, penalties for those who stray;

---The President today does not have authority to impose mandatory controls;

---If the President sought standby authority to impose controls, would he get it now? A big majority of the committee said "no."

---Yet even Republicans say opinion polls indicate the public favors controls of some sort.

Copies of a memorandum summing up statutory authority for controls and testimony before the Council on Wage and Price stability are being distributed.

Taxation, natural gas, energy matters, labor law reform, endangered species, and the so-called Illinois Brick legislation were also on the agenda. With Congress trying to adjourn in an election year, we will be reading a lot about important developments in the next few weeks. If the still complicated picture on energy legislation isn't unraveled, a session could be called after the election. Nobody likes the thought.

Sigler, the chairman, complimented the group. "When you look back to where we were a year ago, you can see a lot has been accomplished."

LOOKING AHEAD

Although Congress hadn't adjourned, the "pros" in the Washington lobbying group were identifying issues the paper industry will face in 1979:

1) Solid waste: source reduction vs. resource recovery.

2) Amendments to the air pollution laws, passed in 1977.

3) Telecommunications: It is being predicted the forest industries are going to have to fight to hold onto its channels when a law passed in 1934 is revised.

4) Freight car shortage on nation's railroads.

5) Disposal of hazardous substances -- no matter where they go, it creates a controversy.

THE SPECIAL SESSION

Governor Longley has fixed the date for another special session, October 18. He's proposing a $64 tax credit for homeowners -- half as much for those who rent. Reporters quote Longley as saying "the people will be very unhappy if they (the legislators) do not return this $20 million over collection of taxes" and predicting "people will speak at the polls" if nothing is done. Longley contends there is $20 million available for tax relief. Legislative leaders are not sure how much is available. They'll meet October 13 to consider strategy. The Government Affairs Commission of Associated Industries of Maine will meet October 10 and by that time the picture may be clearer.
Special Session (continued)

While granting that it's possible the Governor is right in calling for tax relief, the Maine Sunday Telegram October 1 was critical of his election year approach:

"The timetable he poses, however, limits the possibility of a reasonable, intelligent and genuinely responsible legislative response."

**Tax Credits For Hydro**

The "Great Northern" amendment to the energy tax bill was one of many ideas deleted from the bill by conferees when they met October 4, according to Chuck Wilson of the API staff. The proposal, by Senator Hathaway of Maine, would have provided tax credits as an incentive for builders of dams. There is still doubt if a stripped-down version of the package (without a user tax on oil) can be enacted. "It's all up to Senator Long," Tim Westbay of St. Regis says. Great Northern, of course, has announced it has for the time being suspended engineering planning for another dam on the Penobscot River.

**The Campaign: A Month To Go**

Voters in Maine will go to the polls on November 7. The 1978 campaign is in its final stretch. Candidates are on the go -- shaking hands at the gates of the mills, appearing on radio "talk shows", responding to questions from the press and plugging for support at every opportunity. Their commercials dominate television time allocated for commercials. It's a grind for the candidates and an endurance test for the electorate.

Where will it end? Some October thoughts:

**U.S. Senate** -- Senator Hathaway is being challenged by Congressman Cohen. It's a classic race. The liberal Hathaway is considered the underdog against Cohen, a young moderate, but no one is counting the incumbent out until all the votes are in on election night. Hathaway is running hard. He's getting plenty of help. Senator Kennedy has been in Maine, President Carter is coming. Cohen is spending most of his time in southern Maine, campaigning where he isn't as well known. Congressman Emery, the young Republican who represents the region, is teaming up in the "selling" of Cohen. Observers are impressed that Cohen has raised $500,000 with a month remaining. The issues: Hathaway's record. Cohen says the Senator doesn't reflect the views of his constituents. He cites Hathaway's stand on the Indian land claims. Last week Cohen's attacks provoked Hathaway into charging his views were being distorted. It's hard for the genial Senator to deny his liberal credentials which have won him top marks from organizations such as Americans for Democratic Action (ADA). That's one reason why most businessmen are behind Cohen. People who keep tabs on politics say Hathaway is gaining but Cohen remains solidly in front.

**Governor** -- James B. Longley says he's going back to the insurance business, at least for now. Attorney General Brennan, a Democrat, is leading the three-way race to succeed Longley. House Republican Leader Palmer is trailing but some polls reportedly show him doing better than expected in the southern parts of the state, normally Democratic strongholds. Independent Buddy Frankland, a Baptist minister and ultra-conservative,
Campaign (continued)

wants to inherit Longley's mantle, and may attract substantial support in some areas. Brennan's tough stand on the Indian land claims overshadow his liberal record as a legislator. Businessmen, once uncomfortable with Brennan, concede he has moderated. Still most prefer Palmer although admitting the House leader hasn't "caught on" with voters. Palmer continues to call for a ceiling on State spending -- hoping that there are a lot out there fed up with big government -- and inflation. Everybody worries about how many votes Frankland will attract. Brennan is the choice of almost all the "pros."

Congress -- In the Second District (the northern two-thirds of Maine) two conservatives are seeking the seat being vacated by Cohen. State Senator Snowe, a young Republican, is encouraged by her polls but most believe she's behind Secretary of State Gartley, the Democratic candidate. Gartley's been around longer. He's better known. (Gartley grew up on Moosehead Lake and worked for Great Northern as a young man.) Again, there's no major issues which split the two. In the First District, incumbent Republican Dave Emery is the odds-on choice over John Quinn, former state consumer protection chief. While the business community is split between Snowe and Gartley, everybody's behind Emery.

GNM: A NEW SLIDE SHOW

A new 35 mm color slide-tape production was shown for the first time at the annual sales meeting in Southbury, Connecticut, October 3. It covers the vital statistics of GNN, the three divisions and their products and the expansions in Cedar Springs, Ashdown and Millinocket. It includes 32 slides and the show lasts just under five minutes. The presentation is designed for use with the Great Northern multi-media show put together last year, but it also can stand alone. Fred Ernst of Great Southern and Don Krohn of Neekoosa helped with assembling the slides. Ad-Media provided the artwork (including a map of GNN activities) and John Christie of the advertising agency is the narrator.

Like the Great Northern show, the GNM presentation is available for showing in the Engineering & Research Building's conference room. Please book it by calling Rhonda Reed in the Public Affairs office. In addition to guests, it is also something managers may want to consider showing employees.

Bill Caldwell, a Portland newspaper columnist, talked about Maine people (politicians and hermits) at the sales department dinner on October 2.

PUBLIC RELATIONS

A hunting safety advertisement, developed around a photograph taken by Roger Boynton, was placed in the Katahdin Times....A news release on the designation of Peter Yacavone as president of Great Northern was distributed to the Maine press and trade publications....News releases on three promotions, with photographs, were distributed....The travel Atlas printed on Baxter Text was mailed to 225 community leaders in Maine to illustrate trends in the Company's product mix....A contribution of $500 was made to the "Friends of the VTIs" to promote passage of a bond issue which would provide funds for facilities on the campuses of the vocational-technical institutes, including badly-needed dormitories at Presque Isle.

Sincerely, Paul
Great Northern Paper
a company of
Great Northern Nekoosa Corporation

Paul K. McCann
Manager Public Affairs
October 15, 1978

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 13 follows:

**THERE'S GOOD NEWS, TOO**

When the spruce budworm control program has been discussed in the news media or in government circles in recent months, there has been only discouraging trends. Officials in the State Department of Conservation were talking about abandoning the program. Public support appeared to be waning as emotional reports of health hazards associated with the chemicals generated headlines. The past several days have seen a refreshing change.

Hank Magnuson of the Paper Industry Information Office told directors at a meeting October 13 that Attorney General Brennan had recently made a surprisingly strong commitment to support spraying. "Brennan told a meeting of the Maine Forest Products Council that he always supported the spruce budworm spraying program when he was in Legislature and as Governor would continue to do so," Magnuson said. "While it was just what his audience wanted to hear, it surprised me that he said so much. He made the statement while describing the forests - as Maine's major resource, the state's best source of jobs and one (the trees) which must be protected." Linwood Palmer, his Republican opponent, also supports the spray program.

After Magnuson's report, Morris Wing of International Paper Company followed by saying that he sensed a significant change in the attitude of the leadership of the State Department of Conservation at a meeting in Augusta on October 10. They were talking "much more along industry's line...a more common sense approach to the problem," Wing said in summing it up. He praised Great Northern for going to the Governor and Commissioner Barringer to stress the Company's growing alarm over the budworm threat.
Good News (continued)

While it's good to have some good news, everybody expects a bitter debate in 1979. An advertising agency is continuing to put together a slide show and a folder for Great Northern's planned educational program. Questions for a public opinion poll are being reviewed.

**Brennan's Successor**

With polls showing Attorney General Brennan the front runner in the race for the Office of Governor, people are starting to inquire about his successor. The question is of more than casual interest to the state's forest industries. The man who takes over as Attorney General will have to assume control over the Indian land claims case, now postponed until after the election. Dave Emery, the Republican congressman, has been openly speculating that the next attorney general will have to back off from Brennan's hard line. If that's the case, State Senator Phil Merrill of Portland would be a man with the right philosophy at the right time. Merrill, the young Portland senator who Brennan defeated for the Democratic nomination for Governor, is the choice of the Democratic party's liberal wing for the post of attorney general. The Democrats are expected to retain control of Legislature and that means a Democrat will be elected attorney general. Merrill is the only name being circulated at this time. He worked on the Indian case for Senator Muskie a couple of years ago. When the White House task force made its proposal, Merrill joined Senator Hathaway in urging consideration of the plan. But after visiting a few of the mill towns while seeking the gubernatorial nomination, Merrill backed off from his earlier stand. A term as attorney general would also keep Merrill's political ambitions alive. He's considered one of the party's best spokesmen in Maine.

**The Penobscot**

The Maine Public Broadcasting System public affairs program, Statewide, devoted a half hour to the management of Maine rivers on October 12 -- and the Penobscot got most of the attention. Pat Schroth (she is Russ Wiggins's daughter, a former United Press International reporter and now co-editor of Maine Life) and Angus King (a Brunswick attorney and lobbyist) were co-hosts. Guest were Clint Townsend, a Skowhegan attorney and long-time leader in the environmental movement in Maine, Bill Stearns of the Penobscot Paddle and Chowder Club and a canoeing expert and Paul Firlotte of Great Northern. Stearns complimented "Great Northern's land management for making the river corridor what it is today -- eligible for designation as a national wild and scenic river." All three agreed the Federal designation, however, isn't really what they want. They would prefer a recreational management plan be worked out between the State of Maine and Great Northern (and other landowners). Townsend said the best idea might be a plan providing for state-landowner cooperation in recreational management, leaving the issue of new dams for the future.

Townsend subbed for his friend, Herb Hartman, the director of the Parks and Recreation Bureau. He obviously reflected Hartman's opinion when he said there is plenty of time for landowners and the state to work out a cooperative agreement. Townsend also reflected Hartman's thinking when he implied that the state can't afford to create a Penobscot Waterway on its own. Governor Longley is expected to take a stand on the river's future in a few weeks, according to King.
THE PORT OF SEARSPORT

At the request of Transportation Commissioner Mallar, a briefing on the potential development of the Port of Searsport was arranged at the October 13 meeting of the Paper Industry Office. Joe Jamieson and I represented Great Northern which was briefed earlier as one of the major users of the port at the present time. Consultants have recommended development of Searsport as a container port. Mallar is seeking to find out what, if any, interest the paper companies would have in investing in facilities. The politically-savvy Mallar thinks that it's got to be a joint venture in some way if it is going to be promoted because of the substantial obvious benefits to a few users, such as Great Northern.

After the briefing by Dan Webster and Bill Fernald of the DOT, the companies were asked to get back to Fernald with questions -- and eventually with an answer to the question of what, if any, interest they have in participating directly in the project.

THE NOVEMBER BALLOT

Great Northern Paper Company has contributed $500 to a fund established to promote a $2.1 million bond issue for the construction of a dormitory at the Northern Maine Vocational-Technical Institute in Presque Isle. It will be voted on by Maine citizens on November 7. If approved, the bonds will be paid off with the income from renting dormitory space to students. The Presque Isle institute provides a variety of services for both Pinkham Lumber and Great Northern -- probably the most important being the recently instituted training program for woods workers.

There are also six constitutional amendments on which voters must rule on November 7. They include proposals to (1) reduce to $90 million the amount of mortgages the state will guarantee for industrial development and combine two separate funds for this program, (2) require the Legislature to meet in December after a general election, (3) reimburse towns and cities for losses created by new property tax exemptions and credits and (4) allow towns and cities in a school district to come up with their own cost-sharing plans.

THE ENERGY BILL

Chuck Wilson of the American Paper Institute and Tom Heyerdahl of the office of Congressman Cohen provided information on the energy legislation being pushed in the final hours before adjournment of Congress. Wilson said both Houses had given all but final approval to an additional ten per cent credit for construction of boilers using bark to generate electricity. Over-all, Wilson said, this portion of the energy bill was very acceptable to the paper industry.

PEOPLE, PLACES AND THINGS

John Forssen has resigned as information writer with PIIO in Augusta to join the staff of the Bureau of Public Lands in the State Department of Conservation. He'll help Director Lee Schepps with issuing permits and also handle public relations for the expanding bureau....Fred Webber, the Portlander who resigned as vice president of public affairs for Scott to become the first president of the Maine
Development Corporation, has established his office in the Casco bank building in Augusta. He's raising $250,000 which will be matched by $250,000 appropriated by the state to put "the partnership of Maine business and government" into the economic development business. The State Government Committee of the Legislature will hold a hearing at 2:30 p.m., Tuesday, October 17, on the nomination of Bradford S. Wellman of Bangor to the Maine Guarantee Authority which guarantees loans for economic development. He's chairman of Seven Islands Land Company. Bob Chaffee, who has been executive director of the Maine Tax Limitation Committee, and Dick Anderson, the former executive director of the Maine Audubon Society, are reportedly the front-running candidates to replace Joe Lupsha as executive director of the Maine Forest Products Council. Donald Perkins, the Portland attorney who represents the Paper Industry Information Office and from time to time also represents Great Northern, has a new client: Dow Chemical. Dow hired him as the controversy over 2,4,5T continues to build up in Maine. International Paper Company, like Georgia-Pacific, will be stationing a public affairs representative in Augusta. Ben Pike of IP will join Keith Ruff of GP. Pike will be housed in the former Central Maine Power Company headquarters along with 60 people in the Company's woodlands department. IP announced this week that the woodlands group would move from Livermore Falls to Augusta. They've been talking about it for over a year.

Public Relations

A release on Great Northern Nekoosa's third quarter earnings was distributed.

Down East Magazine has assigned Gloria Hutchinson, a freelance writer, to do a story on camping in the West Branch region. I'm trying to discourage her, arguing it will only generate more tourist.

Ann Schumacher of the New York Times Magazine was guided on a woodlands tour by John Houghton and on a mill tour by Bob Tile when I came down with a cold and had to work at home for a couple of days. She's an editor and it was her first visit to the mills or the woodlands. Jim Blickle referred her to our office.

On recommendation of Orville Tripp and Tom Pinkham, we agreed to sponsor Cindy Beaulieu of Ashland as a Junior Miss Maine Candidate.

Work books were prepared for a group of analysts who will be visiting Millinocket October 16-17.

The new 35 mm slide show was shown at a monthly meeting of managers in Millinocket and also to two visiting sales' group.

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 October 20 follows:  

**VICTORY FOR THE "HARDLINERS"**  

There was big news in Maine this week -- worth 58 seconds on the CBS Evening News with Walter Cronkite.  

Something had been brewing. Democrats who had defected from the ranks of those supporting Senator Hathaway in his re-election campaign were being told that a solution was close at hand. Hathaway broke the news on Tuesday, October 17:  

The White House had agreed to a total Federal settlement of the Indian claims -- $27 million to get the tribes to drop their law suit and $10 million more to purchase 100,000 acres of land at "fair market value."  

Speaking on behalf of his clients, Great Northern and eight other companies and individuals owning large blocks of timberlands, Attorney Donald W. Perkins of Portland told the news media the next day:  

"Although encouraging steps have been taken, there are major issues remaining to be discussed and agreed upon before the Indian claims are finally resolved.  

It is a good step that the Administration has agreed that landowners who sell land to the Indian Tribes should be paid fair market value for their property on a willing seller-willing buyer basis. That White House commitment is the basis for our optimism that matters can eventually be resolved.  

It is also a good step that the Tribes have scaled down their demands for land.  

However, no one can know the fair market value of the particular lands until each landowner and the Tribes agree upon which lands will be sold, the value of those lands, and all of the other terms of the transaction.
We propose to get at this task immediately, but it is a big job and it is going to take some time.

Until specific agreement is reached and the fair market value cost is determined, no one can tell whether the Administration's proposal of an additional ten million dollar payment to the Tribes for the purchase of land will be adequate.

Landowners cannot agree or disagree that this amount is sufficient to purchase 100,000 acres until the particular lands they are willing to sell are identified and the values determined. In reality, there can be no agreement until there is complete agreement.

We intend to proceed in close consultation with the Governor, the Attorney General and the Maine Congressional Delegation to continue to seek to achieve a final conclusion to these claims."

On the CBS Evening News that night, Perkins was quoted as saying "I think the most significant thing in the current proposal is that the administration has accepted the commitment of paying the fair market value for the forest land to be transferred to the Indians."

Before the week was over, all of the key figures in Maine politics and government had welcomed the proposal but most added they were waiting to read it before making a final judgment. Governor Longley said he expects to see the proposal in writing Monday at a meeting with the Maine Congressional Delegation in Augusta.

Reaction from the news media included:

"Certainly, nobody can blame Sen. Hathaway for basking a bit in the glory of the promise of an answer to a tough Maine problem. That the White House finally came around is probably attributable partly to politics (Hathaway's fight) and partly to practicality (federal reluctance to litigate).

But if it hadn't been for hardliners like Longley, Brennan, Cohen and Emery, Maine would have knuckled under to White House intimidation. In contrast, Sen. Hathaway's low giveaway threshold would have resulted in the giving away of who knows how much state land and state money.

Welcome to the land of hardliners, Sen. Hathaway."

---From an editorial, Another Hardliner, in the Bangor Daily News, Oct. 20

"The hardliners -- if you can call them that -- the Governor, the Attorney General, Congressman Cohen and Congressman Emery have been saying all along they wanted a Federal resolution -- and that's what they are getting. So in that sense, if you want to say who's the winners, that position has won. It's certainly not the White House position or the Hathaway-Muskie position of earlier this year which was the White House task force proposal which would discriminate between large and small landowners and would have required mandatory participation by the state."

---Mel Leary of the Capitol News Service on the public television program, Maineweek, October 20
Hardliners (continued)

"Refinements undoubtedly will be required before the settlement can be completed but Maine is not likely to get a better offer. And if it rejects this proposal, it may get no further compromise attempt from the administration."

---From an editorial, Acceptable Deal, in the Portland Press Herald, Oct. 21

HERBICIDES

Herbicides used in the woods are "many times safer than motherhood," St. Regis Paper Company's Dick Griffith told 150 people attending a Symposium on Herbicides in Maine Forestry sponsored by the State Department of Conservation, University of Maine and Pesticides Control Board in Augusta on October 19. Michael Newton of Oregon State University criticized the news media for telling a "needlessly alarming story about a safe group of chemicals." Griffith, Newton (visiting in Maine for a month) and Max MacCormack of the University of Maine aggressively refuted criticism of 2,4,5T and other herbicides.

The audience of 150 included many bureaucrats, both state and federal, foresters, woodcutters, tree farmers, the news media, representatives of chemical companies and the opposition -- mostly in levis with beards or knitting needles. Larry Lack, a free lance writer and an ally of Mitch Lansky of PEST, the organic farmer who opposes spraying of all kinds, summed up their views in a few words: "It's common sense to ban it (2,4,5T) from the market." The opponents worry about the short and long-term impact of the chemicals and they have allies with impressive academic credentials. Dr. Patrick W. O'Keefe of Harvard's biological laboratory is one of them and he appeared as a speaker in Augusta.

Approximately 8,000 acres of Maine forest land was treated with herbicides this year. St. Regis, Georgia-Pacific and Scott also utilize the chemicals. Critics have charged those using the chemicals are creating a softwood monoculture and denying people jobs which would be created if thinning were done by hand. The Augusta meeting gave all sides a chance to speak out and was a success in that respect. Bob Bartlett, Dan Corcoran, Tony Filauro, Bart Harvey, Bob Shinners and I attended. The night before we heard a Dow Chemical group discuss the controversy.

The next day Bartlett, Harvey, Peter Yacavone and I toured St. Regis timberlands to see areas where the herbicides had been used.

BUDWORM

Last week there were some encouraging signs in the political picture relating to the spruce budworm program. After a story in the Maine Sunday Telegram on October 15, an editorial appeared in the Portland Press Herald editions of October 20 entitled "Persistent Worm" and commenting:

"Past legislatures have routinely approved requests for budworm spraying programs. For once we'd like to see the Legislature ask some hard questions about the success of two decades of spraying before approving more public money in what appears to be a losing effort."
Budworm (continued)

On Wednesday, October 18, Bob Bartlett, Jim Carson, Dan Corcoran and I visited with Bill Ginn of the Maine Audubon Society in Portland and discussed the budworm problem. Ginn thinks that a separate state agency should police the application of the pesticides by the Bureau of Forestry. We agreed to support such an idea. Bob, Jim and Dan also brought Dave Flanagan, an advisor to gubernatorial candidate Joe Brennan, up to date on the budworm picture.

THE LEGISLATURE

Lynwood Hand went to Augusta to cover the one day session of the Legislature in which the Governor's plan for tax rebates ($64 for homeowners and $32 for those who rent) were approved although an amendment was tacked on to ensure there would be enough money to make the rebates possible next year.

PUBLIC RELATIONS

On October 16, nine candidates for the Legislature from this area and two men running for county commissioner from the northern Penobscot County district, were guests at a Company luncheon and briefed by Dan Corcoran on the spruce budworm picture.

Trip books covering Great Northern Paper Company were prepared for a visit by representatives of Goldman-Sachs and Moody's on October 16-17. We also coordinated briefings and a mill tour.

On October 17, with help from Jim Giffune and others from the Millinocket mill management, we entertained members of the Millinocket Chamber of Commerce. Peter Yacavone welcomed the group. Over 50 members and their wives toured the mill.

On October 20, I was the dinner speaker at a meeting of the Purchasing Management Association of Maine. Over 50 people were in Millinocket for the session. I discussed events of 1978 relating to Great Northern--from reports of gold in Aroostook to being the state's air pollution "champ" and also including the strike and the Indian land claims.

News releases were drafted on several promotions.

In Portland on October 18, I helped Don Perkins draft a news release on the Indian land claims and also prepare for an interview with a CBS-TV reporter.

A copy of Perkins' news release was provided Anne Erickson of the Katahdin Times.

The GNN and GNP slide-tape presentations were shown seven times to customers and analysts.

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 October 27 follows:

**ALL EXCEPT THE INDIANS**

This week members of the Maine Congressional Delegation, except Senator Muskie who was in Rome, had a breakfast meeting with Governor Longley and Attorney General Brennan to discuss the latest proposal to settle the claims of two Maine Indian tribes. The session produced headlines such as this which appeared in the Portland Press Herald on October 24:

"Longley, Brennan OK land settlement"

If the proposal is accepted, Congressman Cohen worries over its precedent-setting effect on other states. He told newsmen he would have preferred seeing a court test although he's given the plan discussed Monday his tentative support.

While expressing optimism, Portland attorney Don Perkins (who represents Great Northern and eight other major landowners) again told newsmen that nobody knows yet if $10 million will buy 100,000 acres.

Leaders of the two Indian tribes expect to see the Passamquoddy and Penobscots approve the terms in a few weeks although at least one dissenter says the deal may fall through because 100,000 acres of land isn't enough.
THE LEGISLATIVE CONTESTS

When Senator Muskie in 1954 became the first Democrat elected Governor since the depression days, the two houses of the Legislature broke down politically along these lines: House-Republicans 127, Democrats 24; Senate-Republicans 31, Democrats 2. A quarter of a century later with candidates campaigning to win on November 7, the picture has changed. The present Legislature breaks down: House-Democrats 88, Republicans 63; Senate-Republicans 21, Democrats 12. When Muskie was governor, Republicans outnumbered Democrats almost 3 to 1. Independents were not a factor, Now the electorate in Maine is divided almost equally between the Democrats, the Independents and the Republicans.

What has the changing complexion of the Legislature meant to companies such as Great Northern? Political analysts say urban areas have been gaining seats. In 1964, reapportionment boosted Portland's delegation from seven to eleven members. The city dwellers, in most cases, understandably lack an appreciation of the state's forest resources and the paper and lumber business. The senators and representatives for the cities and suburbs have been more interested in human services such as welfare and education. In 1965, for the first time in modern history, Democrats swept both houses. Republicans rebounded, but again lost control of the House in 1974.

While most of the publicity has centered on the candidates for major offices, there's an immense amount of campaigning going on for Senate and House seats.

In these days of television and times when house-to-house stumping requires literature, etc., the cost of political office is going up. A "serious" Senate candidate with competition will spend on the average $3,000 or more -- more in the Portland and Bangor areas where the price of television advertising influences budgets.

Dana Devoe, a Bangor attorney, is seeking to step up from the House to the Senate from District 26, the Orono area. He is an articulate conservative who appreciates what business is all about. He has so far spent $1,625 on brochures and signs, $475 on radio advertising, $275 for newspaper advertising, $700 for mailings. The Republican National Committee contributed $700 to his campaign, the State GOP another $200 and people and businesses in the area (including Grant's Dairy with $300) have so far raised another $1,600, according to the candidate. He expects to run short a few hundred dollars which will come out of his own pocket. His opponent, Pat Clark, an able Democrat, is the wife of a University of Maine official.

Another candidate with whom I visited this week is Jim McBreaity, a retired Perham farmer, who is also seeking to move up from the House to the Senate. If elected, McBreaity will represent the Presque Isle-Caribou area as well as the Allagash region. His opponent is Frank Hussey, a retired U.S. Department of Agriculture executive based for several years in Washington but a native of "The County." McBreaity's support ranges from the Maine State Employees Association to businessmen. He has been the chief defender of the spruce budworm program. As a tree farmer in the spruce-fir belt, he knows why spraying is needed. McBreaity has also received support from the national and state Republican committees as well as employees of International Paper Company and a few others in the woods industry.
Contests (continued)

What's the outlook?

Most business people are hoping that the Republicans can retain control of the Senate. But observers see the chance of the Republicans losing ground. In addition to the Orono and Aroostook races, the Republicans say their hopes are centered on Barbara Gill of South Portland, Mel Shute in the Stockton Springs district, David Ault of Wayne holding seats for the party now held by others. Barbara Trafton of Auburn and Nancy Clark, in the Freeport-Brunswick area, are Democrats expected to take away seats held by the Republicans. Mike Robinson is the Republican opponent of liberal Mary Najarian in Portland. Tom Teague of Fairfield is given a chance of taking a seat in the Winslow area now held by the Democrats. Senate President Joe Sewall and Democratic leader Gerry Conley are unopposed. The political mix of the Senate isn't likely to change much although Democrats will gain a seat or two.

In the House, voters will be electing representatives from single member districts. A Portland voter two years ago voted for 11 people; on November 7, he'll vote for one. Republicans had hoped that would allow them to break the Democratic control in Portland and in some other areas. Now they concede that isn't likely. Republicans hope to pick up a Caribou area seat and give a Presque Isle candidate a long shot at another. The Millinocket race between incumbent Republican Dave Marshall and Democrat Herb Clark is a key one on the AFL-CIO target list, according to observers. House Speaker John Martin of Eagle Lake is unopposed. The Republicans will have a new chief. Popular Bill Garsoe of Cumberland is the likely choice, if his physical condition permits. If not, Swift Tarbell of Bangor, Jim Silsby of Ellsworth and Linwood Higgins of Scarborough are all mentioned as possibilities. Overall, the House's political breakdown will not change much either, maybe with a Republican or two making inroads on the Democrats' majority.

LONGLEY FINALLY MAKES HIS DECISION

After months of study, Governor Longley on October 26 made public his opposition to the Dickey-Lincoln hydroelectric project. In a letter sent to the President, the Governor said it would be a waste of the taxpayers' dollars to go ahead with this controversial project. State officials were surprised that the letter didn't mention Federal designation of the West Branch of the Penobscot. The Governor had been looking at both issues and there had been speculation he would take his stand on the two at the same time.

GOVERNMENT AFFAIRS

Congressman Cohen's office provided us with a complete copy of the recently enacted energy bill. Paul Firlolette is analyzing its contents.

Tom Flanagan provided Attorney Don Perkins with information on Company's workmen's compensation payments. Perkins has been retained by a coalition of nine trade associations, including the Paper Industry Information Office. The coalition will oppose a proposed 39 percent rate increase.
PUBLIC RELATIONS

With Dick Noyes, Bob Leavitt, Al Glinski, Mike Cuddy and Eldon Doody, I entertained 27 students from six Bangor area high schools. All are interested in engineering careers. The visit was a part of a week long project of the University of Maine Pulp & Paper Foundation.

Roger Boynton, guided by Dan Corcoran, took additional pictures for the 35 mm slide show being developed on the spruce budworm problem. A script from Ad-Media, the Augusta advertising agency, has been delayed one week.

I visited the Eastern Maine Medical Center in Bangor and gave Development Director Jim Coffey a check for $10,000 -- the first installment of a five year pledge by the Company for the new cancer treatment wing.

In Ellsworth, I talked with weekly newspaper publisher Russ Wiggins.

Quarterly reports were distributed to the press and business leaders.

Sincerely,

[Signature]

pmc/b

Distribution:

E. E. Allain        J. E. Godfrey        O. J. Lombard        W. A. Saucier
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J. M. Giffune      W. E. Lloyd         C. H. Reed           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 November 3 follows:

THE MEANING OF THE VOTE

If the voting on November 7 follows a pattern anticipated by the political pros, what will the outcome mean for the business community of the state?

Bill Cohen, Joe Brennan, Olympia Snowe and Dave Emery were picked as winners by almost all of the pros. In business circles, two of the four had solid support: Cohen, seeking to defeat Senator Hathaway, and Emery, seeking re-election to the Congress in Southern Maine. Business people were divided between Olympia Snowe and Mark Gartley, the conservative Democrat, in the race for Congress in Northern Maine. There wasn't much business support for Brennan, most of it going instead to Republican Linwood Palmer.

If Cohen replaces Hathaway, a moderate will replace one of the most liberal members of the Senate. When the White House proposed a settlement to the Indian land claims by making timberlands available to the tribes at $5 an acre, Cohen opposed the plan. Hathaway said it should be considered a basis for negotiations. Both men have supported spruce budworm funding. Hathaway was effective in keeping Maine's needs in front of the energy tax conference. Hathaway has taken the problems of the Maine Woodsmen's Association to the White House; Cohen has said the association represents only a small band of militants and has asked that they document accusations against the paper companies. Hathaway usually has been an ally of organized labor. Cohen irked some businessmen last year by voting for labor law reform. Both have been lukewarm on the question of Federal designation of the Penobscot as a wild and scenic river. Mrs. Snowe will think a lot like Cohen, so will Gartley -- but he will probably have to yield to party discipline and vote differently on some major issues.

Millinocket, Maine 04462. (207) 723-5131 Ext. 228
In Augusta, Brennan will likely be a contrast to outgoing Governor Longley. Not many pros gave Brennan's opponents (despite the fact the state's biggest newspaper, the Bangor News, endorsed independent Buddy Frankland) much of a chance. While Brennan has come out against tax increases and a statutory lid on spending, he is likely to give more consideration than Longley to money for welfare programs and for education, particularly the University of Maine. It's possible that revenue for such programs could come through tax reform. When you talk tax reform, its inevitable that taxes on timberlands will get attention. Brennan has indicated he will support continuation of the spruce budworm spraying program. One question is whether or not Brennan will reappoint Dick Barringer as conservation commissioner.

When Brennan was a State Senator, he was a liberal. Most people in business fear he'll revert to this philosophy. While campaigning, he has had kind words for the pulp and paper industry -- "a provider of good jobs, something Maine needs more of...."

In Augusta the makeup of the Legislature isn't expected to change with the Senate remaining Republican and the buffer against any sweeping anti-business legislation which might originate in the executive department or in the House. If the Democrats are in an overall majority, they'll elect Phil Merrill to the post of attorney general and Dick Carey to that of secretary of state. If Palmer and the Republicans stage an upset, they'll probably pick Charlie Cragin or Jerrold Speers as attorney general with Ed Mackel, a state representative who didn't make it in a bid for the Senate, running hard for secretary of state. The constitutional offices are a haven for the defeated. Cragin, Speers, Merrill and Carey all wanted to be governor. Beyond that the trade associations representing industry will be pushing hard to place sympathizers on the taxation and labor committees. Tax reform will be an issue that must be closely watched. The labor committee is likely to deal with substantial changes in the Workers Compensation laws. There's not much talk of watering down the environmental laws although there is some in favor of combining the Land Use Regulation Commission and the Department of Environmental Protection in the interest of efficiency.

Why?

In the final days of the campaign, the Republican candidate for Governor has been hammering away on the Dickey-Lincoln issue. Palmer opposes the project; Brennan favors it. Palmer told a reporter all of his television advertising will be devoted to the issue. If you can believe all you hear, the decision is based on the advice of the advertising agency head who piloted Longley's campaign four years ago. Jack Havey told Palmer to find something to talk about that clearly separated him and the Democratic candidate, "such as Dickey-Lincoln." Palmer had gone to Havey seeking advice.

John Jannace, one of the independent candidates for the U.S. Senate, has been attacking Cohen at every chance. He did it again November 1 in a television debate. On public television on November 2, analyst Gordon Weil marveled that no one in the press had asked "why" Jannace attacks Cohen and tried to answer the question. Weil told Jeanne Merserve that Jannace, a wine company owner, had been tried and cleared of trying to bribe a legislator last year and the legislator is a member of Cohen's staff.
AIR POLLUTION

In response to questions from Patsy Wiggins, WABI-TV, on Tuesday, October 31, I commented on questions regarding the November 16 hearing scheduled in Millinocket by the State Board of Environmental Protection. She had interviewed a member of the staff of the State Department of Environmental Protection on the air pollution problems of the Company. The interview was taped and the text distributed with the clipping service the following day.

On Thursday, November 2, I talked with Marshall Burk of the Maine Lung Association and reported to Bob Shinners on the Association's plans to participate in the Millinocket hearing. Burk predicts environmental groups will play a prominent role in the hearing.

SPRUCE BUDWORM

I met with Lloyd Irland, pest control manager for the Bureau of Forestry, in Augusta on November 1 and talked about my participation in a committee being established by Conservation Commissioner Barringer and Irland to improve communications with those interested in the spruce budworm control project. It was originally proposed as an advisory group. My participation is still up in the air.

The public opinion survey on the subject has been launched by Ad-Media. A sample of the first 50 interviews will be ready in a few days.

The first draft of the script of the 35 mm slide show on the spruce budworm was discussed with Bob Bartlett, John Houghton and Bart Harvey on November 2.

Suggestions for revisions (less details of the life of the budworm) and more emphasis on impact of the problem on small landowners and those who fish and hunt, etc.) will go to Ad-Media in a few days. The show will be designed for a number of uses -- showing to legislators, employees, suppliers, etc.

MAINE DEVELOPMENT FOUNDATION

On Wednesday, November 1, I attended a meeting sponsored by the newly created Maine Development Foundation. It's the outgrowth of Governor Longley's efforts to make business a partner of state government in promoting the state's industrial growth. Fred Webber, a former Scott vice president, will head the Foundation. The Legislature has appropriated $250,000 for the operation of the organization but it must be matched dollar-for-dollar by business. So Webber's first order of business is understandably fund raising and that was the purpose for calling 30 representatives of Maine business together for the luncheon.

PUBLIC RELATIONS

In response to questions from the Katahdin Times and the Bangor Daily News, we provided information on an accident on November 2 on the West Branch hauling road in which three men were injured.
Public Relations (continued)

We agreed to take a full page advertisement in a special February issue of Down East Magazine which will be devoted to the Forest Industries.

A legal notice on the East Millinocket bark boiler was placed in the Bangor Daily News and a news release on the subject prepared in response to questions.

A news release on the increase in the GNN dividend was distributed to the news media.

Roger Boynton spent two days with Harry Packard working taking 35 mm slides for use by Jim Giffune in presentations to customers and other visitors.

**Contributions**

Recent contributions have been to the Millinocket Players, Millinocket bowling league, the Bangor Symphony, Katahdin Jaycees' Halloween party, Little Giant Football League, the Maine Special Olympics and the Ashland Rotary Auction on behalf of the Pinkham Company.

Sincerely,

[Signature]

pmc/b

**Distribution:**

E. E. Allain            J. E. Godfrey          O. J. Lombard          W. A. Saucier
R. F. Bartlett         L. E. Hand            V. F. Mattson          E. M. Schwerin
P. Cannella            R. Hellendale         E. V. Maxfield         J. H. Staples
S. A. Casey            S. G. Hobson           F. C. Morrison         W. W. Tolley
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B. P. Ellen            R. R. Johnson         J. F. O'Handley        G. E. Veneman
P. I. Firlotte          T. W. Kelly           P. P. Paul             P. H. Welch
T. H. Flanagan         D. J. Krohn           T. S. Pinkham          D. W. Westfall
J. M. Giffune          W. E. Lloyd           C. H. Reed             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 November 10 follows:

THE ELECTION

Bill Cohen...Joe Brennan...Olympia Snowe...Dave Emery...

Those were the people expected to win and they did on November 7 in the contests for the U.S. Senate, Governor and the two Maine seats in the House of Representatives. Republicans swept three of the four major offices. Why not four? Lynwood Hand, Great Northern's legislative counsel, helped count the votes cast in New Limerick. "If a voter checked off Hathaway's name, he also checked off Brennan. If they voted for Cohen, lots of them jumped to Franklin." The Rev. Buddy Frankland, an independent, got 18 percent of the vote, Republican Linwood Palmer 34 and the winner, Democrat Brennan 48.

If there was an unexpected turn, it came in the Legislature where the Republicans scored gains. They retained control of the Senate and picked up ground in the House. Overall they appear to have a majority of both houses. If that's the case, Republicans will regain the offices of Attorney General, Secretary of State and State Treasurer. The lines were forming with defeated candidates (including Palmer who told newsmen he would like to be Secretary of State) up front.

A familiar face will be missing when the Legislature reconvenes in January. Hollis Wyman of Milbridge, the blueberry grower and dean of the Senate, was upset by an independent in Down East Washington County. When a radio station decided two years ago it wasn't going to carry political advertising, it was blessed with a series of advertisements telling about the Wyman products and the Wyman family traditions in Washington County. Hollis won that race.
Millinocket Hearing

The State Board of Environmental Protection will conduct a public hearing in Millinocket on Thursday, November 16, at the municipal building, starting at 10 a.m. and continuing at 6 p.m. "to allow public participation for those persons unable to attend during the day." The licensing and enforcement hearing will deal with the application of Great Northern for a renewal of its air emissions license.

The Company has some complex air quality problems. In June, a Portland newspaperman wrote that Millinocket, the home of the championship basketball teams and gateway to the north woods, may "have a less happy distinction. It may have the most polluted air in Maine." The article went on to say that the State Department of Environmental Protection (DEP) has "recorded 100 violations of the sulfur dioxide standards between November of 1976 and March of this year." The report was followed by a series of television and newspaper reports on the problem which faded away as an issue during the strike of the mills.

At the Millinocket hearing, the Board of Environmental Protection (BEP) will consider recommendations from the DEP staff on the granting of a license and what, if any, penalties will be imposed on the Company. (The makeup of the BEP is covered in the June 16 Public Affairs newsletter.) Spokesman for Great Northern will report on how it plans to reduce sulfur dioxide emissions. Representatives from environmental groups can be expected to also testify. A Maine Lung Association staff member will testify.

You can expect to hear a lot about the hearing on radio and television and read about it in the newspapers. One Augusta observer says "this will be the hottest environmental hearing in several years." Neil Lipschutz of Paper Trade Journal called November 10 to seek information on the hearing.

The Penobscot

There are indications in Augusta this week that Governor Longley may soon make a policy statement on the upper Penobscot River corridor. Longley had considered linking his views on the future of the corridor with his stand opposing the Dickey-Lincoln hydropower project. He did not. In the past, the Governor has expressed opposition to Federal control of the Penobscot.

In Portland on November 8, Maine Audubon Society trustees tabled a staff proposal for supporting stringent zoning of the waterway by the Land Use Regulation Commission. The draft resolution left the door open for future hydropower development and opposed designation of the river as part of the National Wild & Scenic River System. The state's other major environmental organization, the Natural Resources Council of Maine, came out during the week for Federal designation, as well as pledging support for restrictive LURC zoning.

The Natural Resources Council stand will provide support for members of the Land Use Regulation Commission staff who have been searching about for ways to impose special regulations on the land bordering the upper Penobscot.
The Penobscot (continued)

A more detailed report on this picture as well as copies of the positions announced by the NRC, the resolution considered by Maine Audubon and a copy of the report of the State Department of Conservation have been distributed.

**Issues of 1979**

Members of the Government Affairs Committee of the American Paper Institute have again identified the major issues they think the industry will face in Congress.

Solid waste, wage-price controls, taxes, Rare II, Illinois Brick and Clean Air topped the list. Twenty members participated in the poll.

**Public Relations**

Trip books were prepared and a tour coordinated for representatives of Smith Barney, Harris Upham & Company and Kekst & Company who visited Millinocket on November 9-10.

A letter I wrote rebutting an article in the Maine Democrat, newsletter of the party in Maine, appeared in the fall edition of the publication.

A letter written by Paul Firlotte appeared in the Maine Sportsman answering an editorial in which the newspaper urged the Company to give up forever its right to build a dam on the West Branch.

First returns were evaluated from a public opinion survey regarding the spruce budworm problem. The survey is being conducted by Ad-Media, the Augusta advertising agency in cooperation with the University of Maine. While it's too early to say if the trends will hold up, it appears there is considerable support for the spraying program -- as well as a large block of people without any opinion. The survey will be used as a basis for a campaign to support spraying.

Sincerely,

[Signature]

pmc/b
MILLINOCKET --- Air quality in the Millinocket area will be improved by a $6 million program proposed Thursday to the State Board of Environmental Protection by a representative of Great Northern Paper Company.

Two major projects have already been completed and three others can be completed by July of 1980, Dr. V. F. Mattson said.

"If the founders of our company could have known 80 years ago that this sulfite mill would be the only sulfite mill in the country to face a sulfur dioxide ambient air quality standard as strict as the one that the State of Maine has imposed on us, it is doubtful this mill would have ever been constructed," Mattson told the BEP before outlining the Company's program.

A half million dollars already has been spent on scrubbers to reduce sulfur dioxide emissions from an acid plant when it is in operation and from gasses from pulp mill digesters during chemical recovery plant shutdowns.
A 106 meter stack meeting all of the latest engineering requirements (348 feet) will be built at a cost of $5 million to serve four power boilers.

A new sulfite pulp mill stack similar in height to the existing stack, but able to pick up additional flows from problem areas, will be installed. A stack on a chemical recovery plant will be extended 111 feet. Together the projects will cost in excess of $1 million.

Tracing eight years of studies and projects which have reduced sulfur dioxide concentrations, Mattson said in the spring of 1978 it was finally determined that the remaining problems were basically "downwash" situations -- air disturbances resulting from terrain and nearby structures. In addition to re-engineering stacks to halt the "downwash" Great Northern is launching another project to minimize sulfur dioxide from escaping from the mill during the process of manufacturing pulp.

Computer modeling has shown that the three-phase program, together with the sulfite mill project, will "eliminate any reasonable possibility of violations of the State standard," Mattson concluded. Mattson, formerly director of research and engineering in Millinocket, is now director of technology for Great Northern's parent company, Great Northern Nekoosa Corporation.

Peter F. Yacavone, Great Northern's president, said it would be "a needless waste of money" to require the mill to use oil with a lower sulfur content than other mills because "it would not solve the problem of downwash." Yacavone said it would be "grossly unfair to our customers, to our employees and to our stockholders" if the Company were forced to spend $4½ million annually for lower sulfur oil. "There is no way we can continue to provide our customers with a competitive price with a cost disadvantage of this magnitude," he said.
Dr. Joseph J. Cramer, a project engineer for Stone & Webster Engineering in Boston, Mass., said scrubbers -- another way of controlling the remaining sulfur dioxide emissions -- would cost between $18 million and $43 million to install and cost between $6.5 million and $13 million a year to operate. Scrubbers would require the burning of up to 100,000 barrels of additional oil a year and would still not solve the problem of downwash, he told the BEP.
Honorable Jimmy Carter  
President of the United States  
The White House  
Washington, D. C.

Dear President Carter:

I have made the decision not to request federal designation of the Penobscot River under the provisions of the Wild and Scenic Rivers Act, at this time.

My decision is based upon the following:

(1) After an intensive study of the Penobscot River, including personally rafting the West Branch, I have come to the singular conclusion that if there is one thing on which I am certain the people of Maine are united, it is their fervent wish to keep the federal bureaucracy from further inroads into any area of their lives. It is both my opinion and the attitude of the people of the State of Maine, that they can better regulate themselves without further encroachment of federal bureaucratic heavy-hands.

(2) The Maine State Department of Conservation has conducted a detailed study in which they solicited input from all Maine parties with an interest in this matter. The recommendation of that study (copy attached), is not to request federal designation of the Penobscot River.

(3) I have personally had input from a large number of citizens, consultants, and industrial interests who have an expertise or an interest in this matter; overwhelmingly, these parties have recommended not to request federal wild and scenic designation of the Penobscot.

(4) The federal moratorium on water resources development on the Penobscot River remains in effect until October of 1981, regardless of any action by the State of Maine. If after the 1981 moratorium on dam construction, there should be a decision by both commercial interests and the State of Maine to allow a dam to be built on the West Branch of the Penobscot, the following exhaustive permits and licenses would be required:
Maine Environmental Protection
Site Location Permit, Cooling Water Discharge Permit, and a Water Quality Certification.

U. S. Corps of Engineers
Dredge & Fill Permit

U. S. Environmental Protection Agency
Cooling Water Discharge Permit

The Maine Department of Conservation will be directed to continue efforts with the landowners and other state agencies to develop conservation and protective measures to assure preservation of recreational and scenic management strategies for the West Branch of the Penobscot River.

Mr. President, in the spring of 1974, the Federal Bureau of Outdoor Recreation (now the Heritage Conservation and Recreation Service) Department of Interior, began a study of the Penobscot River. The essential finding of that study was that the East and West Branches of the Penobscot qualified for designation as National Wild and Scenic Rivers under the 1968 law. That study recommended that the State of Maine be responsible for the protection of the River and specified that the River would be designated as a National Wild and Scenic River only by specific request of the Governor of the State of Maine accompanied by an adequate protection and recreational management strategy. As indicated above, Maine is simply not interested.

Very truly yours,

James B. Longley

JBL:pmw

cc: Secretary Cecil D. Andrus, Dept. of Interior
Commissioner Richard Barringer, Conservation Dept.
Commissioners, Maine Land Use Regulation Commission
Commissioner Maynard Marsh, Inland Fisheries & Wildlife

Enclosures - DOC Report dated 9/78
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 17 follows:

**THE BEP HEARING (PART 1)**

On Tuesday, November 14, Peter Jackson of *The Associated Press* called from Augusta seeking comment on a letter sent to the State Department of Environmental Protection by the Maine Lung Association. Copies also went to reporters. The Lung Association (they are the Christmas seal folks with a new name) deplored the fact that in Millinocket there had been days when alleged levels of sulfur dioxide had been high enough to cause "excess mortality and hospital admissions in person with cardiac or respiratory disease." The DEP was urged to require the Company to use low sulfur oil and install scrubbers to treat emissions. Answering in a news release, The Company said the Lung Association had misinterpreted the data and the Company was preparing a $5 million program to improve air quality in the area. The story ended up on the front page of the Bangor Daily News and was widely used in other newspapers and on television and radio news. It focused public attention on the November 16 hearing on Great Northern's application for an air emissions license.

On the day of the hearing, Vic Mattson and Pat Welch talked with television reporters. The text of the interviews was distributed in the clipping service. The attached news release was issued. I answered questions from reporters from two Bangor area radio stations as well as others who called from Bath and Portland wanting to make tapes for newscasts. But the hearing didn't attract reporters from Maine Times or the attention of the environmental specialists for the Bangor or Portland newspapers. It's deer hunting season and that may explain their absence.
BEP Hearing (continued)

The top-floor auditorium in the municipal building was the scene of the hearing. Up front six members of the Board of Environmental Protection were on one side with Commissioner Henry Warren chairing the meeting. Seated next to Warren was an assistant attorney general. On the other side of the room were attorneys and others representing the Company. Between them were a blow-up of the Millinocket mill and a sketch illustrating the down-wash problem. Facing the board and the Great Northern group with their backs to the audience were the staff of the Bureau of Air Quality. The audience of 60 to 75 people including Great Northern management people, legislators, Federal officials, town councilors, local businessmen, a few housewives, and late in the day several union leaders.

Just behind the staff of the Bureau of Air Quality was seated Barbara Reed Alexander, the lady lawyer and environmentalist who speaks on behalf of the Maine League of Women Voters. After verbally sparring with the attorney representing Great Northern, Dan Boxer of Portland, Mrs. Alexander left town as she had previously planned. But she left behind to represent her and the league another new face on the Millinocket scene, Doc Hodgkins of Lubec, a numbers analyst who has been fighting the Pittston oil refinery scheme. The colorful 51-year-old Hodgkins now lives on a Down East farm but for 17 years, mostly at the University of Michigan, he was a mathematical analyst. He attacked the "public health problem of unprecedented scope existing in Millinocket." He contended the Company's "stack-stretching routine" may not be legal. Hodgkins also said the financial "health and vigor" of the Company is obvious and said the state should "require the lowest economically practical level of sulfur content in the oil used by Great Northern." While not personally aware of any health problems, a physician from East Eddington who spoke on behalf of the Maine Lung Association called for a study.

At 6:30, a half-hour late, Warren invited the general public to participate. John Keys, the WMKR owner and president of the Chamber of Commerce, Town Manager Bill Ayoob, State Senator Charles Pray, State Representatives Walter Birt and David Marshall, banker Arthur Comstock and Gerald Morrison, a mill worker, spoke.

Ayoob said it is "more than clear to me that the Company has acknowledged its problems and is doing everything they can do." Others praised the Company's sensitivity to local issues. Morrison said he has worked in the mill for 27 years and said there are problems. "If there's something harmful coming out of that mill, I hope you will do something," he told the BEP.

The hearing resumes January 11 in Millinocket.

**Tree Growth Tax Law**

The legislative Committee on Taxation will hold a public hearing on the Tree Growth Tax Law at 10 a.m., Tuesday, November 21, at the State House in Augusta. The Committee is suppose to have a report ready for the next session but has delayed studying the Tree Growth issue. Lance Tapley, the Common Cause director, reportedly will make the hearing a platform for another attack on the method used to tax the unorganized territory. Lynwood Hand and Adrian Clark plan to attend for Great Northern.
"MAINE IS SIMPLY NOT INTERESTED"

That's what Governor Longley on November 16 wrote President Carter regarding the proposal that the upper Penobscot be designated as a National Wild & Scenic River. It was the second major environmental policy statement issued by the Governor in his final days in office. Earlier he opposed the Dickey-Lincoln hydroelectric project. In a statement to the press, Longley linked the two: "I realize that there are those who opposed Dickey-Lincoln on environmental grounds who now favor the designation of the Penobscot as a Wild and Scenic River under the same environmental banner. This, I feel, is inconsistent and reflects the thinking of unrealistic environmentalists."

Rob Gardiner of the Natural Resources Council quickly told the press that Longley's opposition didn't mean much. The Federal ban on further dams extends through 1981. Gardiner says that means the next Governor will make the decision, not the man who leaves office in January.

When Dennis Brown of United Press International asked me to comment on the report, I told him Great Northern believes the energy resources of the river should not be forever locked up by Federal designation: "We feel that if a dam is proposed in the future, the people living in Maine at that point in time should be the ones to judge the trade-off between energy and environment."

While the Natural Resources Council favors Federal protection, the Maine Audubon Society hasn't done so. I meet with their Trustees on November 30 in Portland and hope to convince them that the best solution is one which can be worked out between the state and the landowners. They lean in that direction. The organization is more energy conscious than the NRC.

A copy of the Governor's letter is enclosed with this newsletter. (Copies of the report by the State Department of Conservation which the Governor mentions were distributed November 3.)

PAPER INDUSTRY INFORMATION OFFICE

At a November 17 meeting of the directors of the Paper Industry Information Office in Augusta, member companies were urged to join in a widespread distribution of a summary of a "white paper" on the spruce budworm problem. It will go to 2,500 opinion leaders (including all legislators) as an insert in the next PIIO newsletter. Companies were also urged to send the summaries to suppliers, employees and others.

ASSOCIATED INDUSTRIES

Meeting at Scott's new pulp mill in Hinckley, directors of Associated Industries of Maine on November 14 debated a position on the funding of Unemployment Compensation insurance. Most would like to think that Washington eventually will forget the money it is owed by the State of Maine, which borrowed to pay claims. The Labor Committee of the Legislature is considering a rate increase in hopes of keeping in the good graces of the Federal government, which could insist on substantial interest. If forced, AIM will urge employees as well as employers contribute -- although some say a proposal has little chance for approval.
MINING IN AROOSTOOK?

Reporting on a November 15 meeting of the Land Use Regulation Commission, Hank Magnuson of the Paper Industry Information Office writes that LURC Director Ken Stratton told commissioners that "he has had a series of meetings relative to a proposal to be made by Superior Oil and Louisiana Land Company for a large D-CI zone at the site of a planned copper mining operation on Great Northern Paper Company land." Stratton also said he had been spending a lot of time on meetings concerning zoning of the upper Penobscot. Finally Stratton noted that K. C. Irving will be asking for zoning changes to permit use of two airstrips by the Canadian firm in spruce budworm spraying -- if the State permits him to do so. Those matters will be dealt with on January 10 when permanent zoning for 165 Northern Maine towns will be considered.

WORKER'S COMPENSATION HEARING

Increases in Worker's (it used to be Workman's) Compensation rates used to go unchallenged. Maine has one of the nation's most liberal benefits programs under this system of insurance. But the last three proposals for increases have been challenged by Attorney Donald Perkins, at first on behalf of only the paper industry, but now he represents nine different trade associations covering everybody from poultry processors to roadbuilders to the state's local governments. At a November 13 hearing in Augusta, a proposed 39 percent increase was justified by the insurance industry because "companies writing workman's compensation in Maine are losing their shirts" but opposed by Perkins as not "adequately substantiated." Perkins used Great Northern Nekoosa statistics supplied by Tom Flanagan to compare Maine rates with those in other states. The cost per $100 of payroll at manual rates in Maine in 1977 was $4,399 for GNP, $2,337 in Arkansas, $1,781 in Georgia and $1,425 in Wisconsin. The last time around the state insurance superintendent cut the proposed increase by 17 percent after Perkins objected. On November 13, a state actuary suggested the rate increase be reduced from 39 to 261/2 percent. Briefs are due to be filed December 8 and at some time after that date (there is no statutory time limit) the decision will be made.

Sincerely,

[Signature]

pmc/b
Enclosures (2)
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 1 follows:

THE CHANGING SCENE

Will Dick Barringer be replaced as commissioner of conservation?

Will Roger Mallar be named to another term as commissioner of transportation?

Questions regarding the make up of the new administration have generated a lot of rumors in Augusta. It's like old times. Party politics make a difference with Governor-elect Brennan. He's a Democrat. There is no doubt Brennan will be surrounded mostly be people of that political party.

Mixed in with the rumors are some facts.

Brennan has written all members of the Longley cabinet, asking them if they want to stay on. Sea & Shore Fisheries Commissioner Vinal Look, who told me about the letters is going back to Washington County. He's retiring.

The cabinet is comparatively new in Maine's political scene. It is the result of a reorganization of state government accomplished during the time Ken Curtis was governor. He was Longley's predecessor. Departments of state government were consolidated into "super agencies" such as Agriculture, Business Regulation, Conservation, Education, Environmental Protection, Finance and Administration, Human Services, Manpower Affairs, Mental Health & Corrections, Public Safety and Transportation. Commissioners of these departments and a few others who make up the cabinet serve terms which coincide with the Governor. They earn from $28,000 to $32,000. While they are nominated by the Governor, they have to be approved by the Legislature. In addition to
The Changing Scene (continued)

these jobs, there are many others (mostly bureauheads who serve at the pleasure of the commissioners) in which changes may also occur.

Brennan has established a talented group to guide the transition, recruit talent for his administration and "crash" a first budget. Ed Schlick, a former political reporter who went into public relations and coordinated the Governor's campaign, is the front man. He was a Longley aide for a time. The press also has made a lot out of John Menario taking a leave of absence from the Greater Portland Chamber of Commerce to help the Governor-elect. Menario, former Portland city manager, would have to take a pay cut to join the Brennan cabinet.

Where's the new Governor getting his advice? I asked a dozen people interested in government that question this week. They all had ideas on the subject. I ended up with a list of a half dozen names -- all attorneys, from Portland and Augusta.

The rumor making the most sense is that Brennan will retain only Mallar and Mental Health and Corrections Commissioner George Zitnay -- although environmentalists believe Barringer and Henry Warren, the commissioner of Environmental Protection, are also going to be re-appointed. "Who else is a candidate?" they ask.

There is another fact. All three members of the Baxter Park Authority will be leaving office. There's even been a farewell party scheduled. Brennan leaves because he's no longer going to be attorney general. John Walker is retiring as director of the Bureau of Forestry (and Lloyd Irland, pest control manager, is being regarded as a likely successor by environmentalists.). Maynard Marsh will retire as Fish & Wildlife commissioner. Glenn Manual, a longtime advisor to the department and former state senator from Houlton, is regarded as the frontrunner for the job.

Finally on the Augusta scene, there is Governor Longley. This week he said with a laugh "I told Joe that if he didn't do a good job, I would run against him in four years." That thought could dampen the taste of victory for any man -- including the Governor-elect.

A NEW MAINE INDUSTRY

Talk started circulating in mid-week that a major industry was considering expansion into Maine. Newspaper stories on December 1 confirmed that Pratt & Whitney, the big Connecticut firm, was considering North Berwick as a site. The next day more details were disclosed. The company would employ 500 to 600 workers by 1980 and according to newspapers "another 1,200 to 1,300 might be employed in the early 1980s." But the deal hinges on a tax credit of approximately $300,000 a year for seven years which would go to companies investing at least $5 million and hiring at least 200 or more people. The Governor has invited business leaders to a briefing at 1 p.m. Monday in Augusta. A special session of the Legislature would consider the legislation on Wednesday (legislators would be in town for briefings).
WAFERBOARD

Frank Sleeper, who reports on business for the Portland newspapers called on Friday, November 23.

Q: Is Great Northern studying waferboard?
A: Yes....

Q: Is Neil and Gunter your consultant?
A: Yes

"Well," said Frank, "you must be the firm 'up north' which, according to the chief engineer for Neil and Gunter, will make a decision to build a waferboard plant in December or January." The consultants wouldn't identify the company but did see an "85 to 90 percent" chance the plant would be built.

I agreed Frank had a story.

In response to questions on Sunday, November 27, I told John Keys of WMKR that an East Millinocket site was under consideration and that from "50 to 100 jobs" were involved. I also provided the Katahdin Times and Bangor News with the same information.

Copies of the text of the radio broadcast and the newspaper story were distributed in the clipping service on November 28.

Jim McGregor of Governor Longley's staff called on November 27, seeking information on the project, so did Jim Girard of the Eastern Maine Development District. Cheryl Hutchins was interviewed on the subject on November 29 by Maryanne Legasse of the News.

Pete Yacavone summarized the project's status in letters to the Governor and Governor-elect Brennan and members of the Maine Congressional Delegation he had not seen the day before in Washington.

WASHINGTON

With Pete Yacavone, I was briefed on the functions of the National Forest Products Association at a meeting on November 27 in Washington, D.C. The desirability of GNN joining NFPA was the reason for the briefing. Formerly financed only through federated associations, the NFPA is now open to company memberships -- and a dozen pulp and paper organizations have joined.

The following day we paid courtesy calls on Senator-elect Cohen and Congressman Emery. Senator Muskie was in the Far East. Congresswoman-elect Snowe hasn't yet made the move to Washington.

THE PENOBSCOT

I met on November 30 with the Penobscot River Committee of the Maine Audubon Society in Falmouth. The committee is considering a staff paper recommending that the State Department of Conservation develop, in cooperation with landowners, a recreation management plan which would include provisions to protect the natural beauty of the river corridor. The committee includes Bob LeMieux, Audubon's president,
The Penobscot (continued)

Bill Reed, Eleanor LaCombe, Jim Thorne, Jim Tubor, Dave Clement, Horace Hildreth and former Conservation Commissioner Don Koons. They've met with representatives of state agencies involved (Herb Hartman and Ken Stratton) and also have to meet with some of the others who represent landowners.

There's no doubt the majority of the group will oppose designation of the Penobscot as part of the national Wild & Scenic Rivers System. Most also have little real problem with a new dam. They are an energy conscious group. It's evident they do want to see a "treaty" between Great Northern and the State which will provide long-term guarantees for the protection of the corridor.

**Board of Environmental Protection**

When the Board of Environmental Protection opened hearings on Great Northern's air emissions license, two of the members who came to Millinocket were Lionel Fernald and Sylvia Lund. Fernald was re-appointed to another term by the Governor last week. The next day, Longley nominated an aide, Charles Wyman, to replace Mrs. Lund. She's been elected to the Legislature. Wyman is a former BEP member. When the Senate meets December 6 it could act on the nominations, but there were reports from Augusta that there isn't time to meet the legal requirements for posting. If that turns out to be true, the nominations would be up to Brennan when he takes office.

**Public Relations**

A new brochure entitled "Transit Damage Problems-Here's Help" was designed and printed for the transportation department which developed the text. The publication tells customers how to file claims for transit loss or damage....Joe Jamieson represented Great Northern on a Bangor & Aroostook railroad trip from Northern Maine Junction to Searsport. Sponsored by the Action Committee of 50 (a Bangor industrial development group), the project was designed to promote development of the Port of Searsport. Over 60 people were involved, including several legislators. The trip included a Central Maine Power Company briefing on plans for its coal-fired power generating station at Searsport....With help from Dale Phenicie, I answered questions regarding disposal of hazardous waste from Mitchell Resnick of the Boston bureau of Business Week....Dave Thomas, editor of Down East magazine, called seeking pictures and story information. Down East is publishing a special edition in February devoted to the state's forest industries....I guided Hank Magnuson in drafting a letter rebutting one written by Maine Woodsmen's Association President Wayne Birmingham which appeared in the Maine Sunday Telegram of November 26. A line in the Magnuson letter denies Birmingham's implied charge that Pinkham Lumber employs bonded Canadians in woods operations. Tom Pinkham says he hasn't had any for a year....Neil Lipschutz of Paper Trade magazine called with questions regarding the status of the Board of Environmental Protection proceedings on the air emissions license and the sulfur dioxide problem.

Sincerely,

Paul

pmc/b

Enclosure
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 8 follows:

**AFTER PRATT & WHITNEY?**

The day after a tax credit which could mean over $2 million over the next several years was approved, Pratt & Whitney made it official. The Connecticut-based company will expand into Maine and manufacture parts for jet engines in a plant at North Berwick, 15 miles north of Kittery on the Maine-New Hampshire border. Over 500 jobs will be created this summer when the plant goes into operation. State officials are saying eventually 2,500 people may be employed by Pratt & Whitney in Maine.

The new tax credit requires "$5,000,000 in qualified investment in the State of Maine and an increase of a new job base of $1,200,000 for a taxable year." Divided as required by the state's Unemployment Compensation tax wage ceiling of $6,000, the $1,200,000 establishes a minimum of 200 jobs.

While approving the tax break for the new industry, the Legislature also authorized its leadership to undertake a study of allowing others to take advantage of the tax credit. A March 15 deadline was set for a report.

House Speaker John Martin, who co-sponsored the bill creating the investment tax credit, also had something to say about the property tax on machinery and equipment: "It's a tax which should not exist." Stressing he doesn't want to see municipalities forced to pick up the $28 million in revenues which the tax generates, Martin said he and Senate President Sewall had committed themselves to finding ways which the Legislature could consider to "phase out the personal property tax."
Lynwood Hand explored the possibilities of amending the investment tax credit legislation to make it apply to the waferboard mill and bark boiler now under consideration by Great Northern. The Governor and legislative leaders were adamant that amendments be put off until the regular session opening January 3. It's expected Associated Industries of Maine will coordinate efforts to broaden the application of the tax credit.

THE ISSUES OF 1979

Tax reform looks like the major issue of the session opening in January. And Lynwood says "tax reform usually means your clients are going to pay higher taxes." With guidance from Lynwood and suggestions from Hank Magnuson of the Paper Industry Information Office, Ron Colby of Associated Industries of Maine, Dan Boxer and several legislators, I assembled this week the following list of issues which we may have to deal with in the Legislature:

Tax Reform - The investment tax credit and the repeal or phasing out of the personal property tax top the list of potential legislation but other matters likely to come up include a homestead exemption, state valuation vs. municipal valuation of industrial properties, the tree growth tax law, taxes in the unorganized territory, the sales tax on industrial fuel oil and a sales tax exemption for log fuels used in bark boilers. There will be another attempt to impose a constitutional amendment on state spending. Tom Perkins, a senator-elect from Blue Hill destined to serve on the Appropriations Committee, summed up the outlook for the paper industry in this way: "It looks to me like you'll pay more under the Tree Growth Law and may save some as a result of a tax credit." In Augusta, AIM is gearing up to coordinate tax matters for industry except for timberland tax issues handled by PIIO. The Maine Forest Products Council also has an active Tree Growth Tax Law committee.

Hazardous Wastes - The State Department of Environmental Protection is reported to be considering new regulations as a result of increased Federal pressure to strengthen controls over disposal of industrial wastes.

Education - The forest industries will support additional funding for Northern Maine Vocational-Technical Institute's woods harvesting program. Another classroom building for the pulp and paper courses of the University of Maine will be sought via the bond issue route. Voters rejected it by a narrow margin last year.

Mining - Members of the DEP staff are talking about taking control of permits now issued by the Maine Mining Bureau and that will mean a "tightening up" according to Dan Boxer.

Air Pollution - Not much can be done for new sources because of Federal standards, but Boxer is drafting revisions in the state law to ease problems in the licensing of existing boilers in which bark and wood wastes are used as fuel.
The Issues (continued)

Indian Land Claims - If a settlement is approved by the Congress, it may also require legislative action.

Timberlands - Perhaps the No. 1 priority of Great Northern is the approval of the 1979 spruce budworm control program. In Augusta, the PIIO office is the clearing house on this issue. But there are other issues in this area with the Maine Woodsmen's Association ready to push for controls over timber harvesting with a bill aimed at the paper companies. Herbicides may, or may not, be a subject of legislation. The staff of DEP is drafting legislation to control erosion.

Workers Compensation - The coalition now opposing the proposed rate increase is expected to push for changes in the law, particularly administrative reforms which will reduce costs. It's an AIM project.

Unemployment Compensation - With Maine deep in debt to the Federal government because of loans necessary to finance payments, there will be a proposal to up the tax -- paid for now entirely by employers such as Great Northern. The counter-proposal may be to allow employees to share in paying the tax.

The Penobscot - If an agreement is reached between landowners such as Great Northern and the State on a plan to protect the river's natural beauty and manage the recreational use, it'll probably require some action in Augusta by legislators. There is also legislation already drafted to impose safety regulations on rafting companies.

Searsport - A bill will be filed to authorize a bond issue for development of a container port.

Water Levels - With people complaining over water levels as more small dams are tapped as sources of hydropower, environmentalists will probably file legislation to establish controls over the flows to provide adequate water for recreation and fishlife.

LURC - There is again talk of transferring the regulatory functions of the Land Use Regulation Commission to DEP and turn the planning and zoning responsibilities over to the State Planning Office.

Open House

Students enrolled in the regional vocational education program have built a house on a lot provided by Great Northern and with materials by the Company. On Sunday, December 17, there will be an open house at 247 Massachusetts Avenue South. In cooperation with school officials, we prepared advertisements for the local newspaper and radio stations and prepared a brochure for visitors.

HONORS FOR TOM PINKHAM

Tom Pinkham, John Sinclair of Seven Islands Land Company, John Durham of Moosehead Manufacturing Company and Larry Robbins of Robbins Lumber will be presented distinguished citizens awards by the Katahdin Area Council of Boy Scouts on December 13. We've purchased a table for eight for the $100 a plate event.
A report on a public opinion poll with recommendations on what needs to be done to promote a continued state budworm control program will be outlined at a December 14 meeting in Millinocket by Ad-Media representatives. We'll also see a new slide-tape show on the subject. The slide show will be shown to industry officials in Augusta the next day and offered to them for use by other companies. On Monday, December 18, it will be shown to Aroostook legislators when they visit the Machias Lake woods harvesting operation and the Pinkham mills.

**Round I**

The annual process of getting a spruce budworm appropriations proposal before the Legislature moved into the public arena on December 5 when Conservation Commissioner Barringer held a public hearing on cost sharing for the proposed 3.5 million acres which will cost $11 million. Opponents and proponents of the program and Barringer used the occasion to generate newspaper stories. Barringer chided industry for not aggressively responding to his challenge that they take over the spray program after 1981. A State Senator, Howard Trotzky of Bangor, told Barringer he disagreed with his long-range goals. When Barringer questioned if the department should be a conduit for Federal funds reaching paper companies, Trotzky said he would rather have it go to firms operating in Maine than to firms in other states. Trotzky is chairman of the Natural Resources Committee of the Legislature. Mitch Lansky of PEST, Mel Ames and Bill Butler of the Maine Woodsmen's Association and Lee Rogers of the Natural Resources Council all showed up to discuss the issue. Rogers joined Barringer in asking when the paper companies were going to wake up to the fact that time is running out for the program as it is now being conducted. John Houghton and I attended.

**Public Relations**

I again provided Dave Thomas with information for the Down East magazine edition in February which will be devoted to the paper industry. ...I provided Eunice Cox of Maine Times with information on the waferboard proposal. ...Peter Slocum of The Associated Press had questions also about the waferboard project and its eligibility for the investment tax credit. ...Denise Goodman, a stringer for New England Business, called with several questions regarding business and prospects for 1979. ...Phyllis Austin of Maine Times came to Millinocket to interview Bob Bartlett on the spruce budworm situation. She's doing a major article for the December 15 edition and has interviewed other woodland managers and state officials. ...We taped and distributed with the clipping service the text of a television interview in which Hank Magnuson urged public support for the budworm program and excerpts from another public television program in which the tree growth tax law was discussed.

Sincerely,

Paul

pmc/b

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

Dear Bob:

In the press and on radio and television, the Tree Growth Tax Law is talked about more and more. Some of the history and politics of the law are covered in the newsletter of the Public Affairs Department for the week ending December 22:

**REFERENDUM ON TREE GROWTH TAX**

If the Legislature doesn't make the changes wanted by cities and towns, the Maine Municipal Association is considering forcing a statewide referendum on the Tree Growth Tax Law. John Melrose of MMA was quoted in an Ellsworth newspaper as saying that the association "senses enough support in the state to launch a successful petition drive." The fate of the Tree Growth Tax is shaping up as one of the major issues facing the Legislature when it convenes January 3. Geography and economics together insure that there will always be interest in how Maine's timberlands are taxed. Approximately 90 percent of the State is covered by forests. Most of it is privately owned, and thus a revenue source. Usually such interest is most intense when money is needed to finance state programs. While that's true to some extent, there are other factors involved at this time in the Tree Growth issue. There's general agreement that changes have got to be made.

Before the law was enacted in 1972, timberlands in Maine were taxed in two ways. In cities and towns, such lands were taxed like other real estate. In the ten million acres of the unorganized territory, taxes were based on estimated per cord values of the inventory by tree
Tree Growth (continued)

species and townships. With few voters to worry about in the largely-forested area, politicians didn't hesitate to juggle the statistics. Arthur Stedman, veteran assistant manager of woodlands for Scott Paper Company, for years was the budget chairman for the now defunct Maine Forestry District, an organization of landowners who used to fund some activities in the unorganized territory. "Whenever they wanted more money in Augusta, they would jazz up the numbers and the mill rate would go up," Stedman recalls.

When the Tree Growth Tax became law in 1972, it provided a single statewide method based on growth for the valuation of timberlands. Its purpose was defined as follows:

"To encourage forest landowners to retain and improve their holdings of forest lands upon the tax rolls of the state and to promote better management by appropriate tax measures in order to protect this unique economic and recreational resource."

After voters repealed the state uniform property tax in a 1977 referendum, the State faced a $3.6 million revenue loss from the unorganized territory. The Attorney General and others were questioning the legality of the other state property tax, the local and state government tax, which was expected to bring in $4.1 million. In place of the two, the Legislature imposed the Unorganized Territory Education and Services Tax designed to raise $5.5 million for services such as those provided in municipalities. It was designed to meet a legal test that all lands should be taxed on the same basis -- providing funds for education and other services like those provided by cities and towns. Valuations are set under the Tree Growth formula.

In 1978, the Legislature voted to reimburse communities at the rate of 11 cents per acre for their loss of property tax revenue under the Tree Growth formula. "The Taxation Committee recognized this bill as a small stop-gap measure," reported Donald Perkins, an attorney representing the Paper Industry Information Office.

Environmental and conservation groups have urged people to put land under the law's provisions. Said the Maine Coast Heritage Trust in a bulletin: "Loss in tax revenue and shifts in tax burden resulting from the special assessment of land must be weighed against the benefits that come from reducing the pressure to develop land. Is it worth paying? Though the laws are imperfect, we think so."

On the other side of the fence, criticism has been mounting. The press tells how the law is used as a tax shelter by the wealthy in coastal towns. Inland communities such as Brownville Junction complain of the tax burden being shifted to homeowners. Officials in Augusta are frank to say that the political problem in many small towns is magnified by the fact that residents didn't know how well off they had been compared to the cities until the state required 100 percent valuations be placed on all residences. While the resulting residence taxes may be comparable to what are being paid in many parts of the State, these people, who are aged, poor, etc., have seen their taxes go up dramatically and are outraged. Members of the Maine Municipal Association have voted to make it the No. 1 legislative priority of the cities and towns for the next legislative session. Lance Tapley, the controversial Common Cause executive director, is apparently promoting a campaign to "lower property taxes -- and raise taxes on the timberlands in the unorganized territory."
Tree Growth (continued)

Publicly the Forest Products Council has take the lead in trying to reach a compromise with the Maine Municipal Association on what needs to be changed in the law. It's been described as the most worthwhile venture ever undertaken by the Council. Meetings are continuing between the two groups with Hank Magnuson and Perkins of PIIO providing assistance to the Council. They've agreed that an amendment is needed which will insure that land placed under the law will actually be used to produce commercially harvestable wood. They've agreed the penalty clause should be changed. It provides a way to recapture savings under the law when land is converted to other uses. They may eventually reach agreement that coastal property should be excluded. But the municipal association wants "values on the land and timber based on current use as reflected by sales data." The Association says the law has created a $1 to $3 million tax shift in communities.

Perkins, the man who collaborated with Zeb White, a national expert on forest taxation, in writing the law and guiding it through the Legislature (Governor Curtis allowed it to become law without his signature), says the situation is dangerous because of the complexity of the law. "It is a difficult subject on which to communicate," he points out. (The outgoing chairman of the Taxation Committee of the Legislature, Richard Carey of Waterville, told a television news reporter that most of his colleagues don't understand the law.) Perkins urges support for the Forest Products Council effort to compile a mailing list of all persons with land under the Tree Growth Law.

Except for the Forest Products Council, which never has been effective lobbying, the paper industry is alone and out front on this issue. Governor-elect Brennan said during the campaign that he supports the Tree Growth concept but says changes are needed to eliminate abuses and to soften the burden of the tax shift.

AROOSTOOK TOUR

On December 18 seven members of the Aroostook County legislative delegation -- including House Speaker John Martin -- visited the Machias Lake woods harvesting camp in Aroostook County and later toured the Pinkham Lumber Company mills. They were briefed on Great Northern activities by Bob Bartlett and on lumber company operations by Tom Pinkham. Dan Corcoran introduced the new spruce budworm slide-tape presentation and answered questions on the subject. The night before a storm swept over the state. Up north they got a lot of snow. It was the first time in over 20 years that the cook at Machias Lake had been late for work. Despite a cold wind, the tour went smoothly although several legislators were stuck at home.

PRESIDENT'S LETTER

Copies of Peter Yacavone's letter to employees were mailed December 19. In addition to retired employees, the letter also went to members of Congress, the Governor and the Governor-elect, legislators, municipal officials, bureaucrats, businessmen, environmentalists, newspaper editors and television reporters. Yacavone's call in the letter for continued state spraying to control the spruce budworm was reported on the evening news on WABI-TV in Bangor.
THE BUDWORM

The slide-tape presentation developed by Ad-Media for Great Northern was shown to Peter Yacavone, Bob Shinners, John Staples, woodlands department personnel and others on December 14 and the next day at a meeting of the directors of the Paper Industry Information Office in Augusta. The 15-minute show includes 105 35 mm slides -- photographs, charts, maps and titles. The text calls for a continuation by the state of the spraying program. Suggestions for several changes in the script and the slides incorporated in the show have been returned to Ad-Media. Additional copies have been ordered by Great Northern and other companies and should be received in a couple of weeks. A speakers bureau will be set up to show the presentation to employees and throughout the state.

THE AUGUSTA PICTURE

Governor-elect Brennan will find two vacancies on the Board of Environmental Protection when he takes office. The Senate never had time to act on Governor Longley's nominations of Charles Wyman or Lionel Ferland.....In the year ahead, Brennan will face three nominations for the Land Use Regulation Commission. The terms of Chairman Mary McEvoy and members John Hede of Stockholm and Henry Saunders of Westbrook expire in mid-year....Rumor of the week: Mark Gartley who lost to Olympia Snowe in the Second District race for Congress is being considered as Commissioner of Fish & Wildlife...John Joseph, director of the Energy office, tells me he expects to be reappointed to another term by Brennan.

PUBLIC RELATIONS

A Christmas advertisement was placed in the Katahdin Times and the Maine State Labor News....A photograph taken by Roger Boynton was used as the cover for a Christmas card for Pinkham Lumber Company....At Jim Giffune's request, I developed three newspaper advertisements and a series of radio announcements promoting the safety campaign now in progress in the Millinocket mill. The first of the advertisements appeared in the Katahdin Times....Maryanne Legasse of the Bangor Daily News called with questions regarding the company law suit against the trade locals and the National Labor Relations Board complaint filed by the locals....In Bangor on December 13, Lynwood Hand, Jim Carson and I met with representatives of mining companies active in the area west of Portage. We discussed coordination of matters relating to zoning, legislation and public relations.

Sincerely,

pmc/b

Paul