The Great Northern Paper Company, Chapter 10: Yesterday

John E. McLeod

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CHAPTER X

YESTERDAY

The things that resulted in Great Northern as it is as this is written did not begin to happen until after World War II. The differences between the "old" Company and its modern counterpart, not only in physical properties, product and organization, but in management outlook and philosophy, are very great, and we are sure that those who started it on its new path had no idea as to what that path would lead.

The old Company was of course far from static. There were a great many changes in the first fifty years. It is not possible to explore or explain all of these in detail. There are many sides to a corporation, and no side looks just the same to employees, management, stockholders, customers, competitors, the financial community and the general public, and none of them regularly record their impressions. Therefore, many of the events discussed and many of the conclusions reached will be from the background of different points of view, which may seem to produce some inconsistencies.

The advent of the Great Northern Paper Company was applauded by Maine people in general, but damned by the lumbermen. It was welcomed by the newspaper publishers and deplored by the competition, which, as has been seen, was mostly the International Paper Company. In the financial world it probably passed almost unnoticed, because most of the original financing was essentially private.
In the very early years, the Company's favorable image in the minds of most Maine people was turned by events into that of the Great Corporation, charging into the State loaded with New York money, violating the old traditions, trampling upon the rights of the lumbering establishment and exploiting the State's natural resources to fatten the money-bags of the already rich. This did not last long. The lumber industry, which conjured it up, was on the way out anyway and the new company was soon accepted as a friend and neighbor in the State. A few diehards continued to regard it as something evil, but these eventually passed out of the picture or were won over by Great Northern's fair-dealing.

In its first full year of operation, it captured nearly 12 percent of the United States newsprint market, and it grew aggressively, tripling its output in sixteen years and holding firmly to its share of domestic consumption, which also tripled in that period. It got into financial difficulties and out again. By 1917, it had it made. It was strong, independent, admired and respected. Its debts were down to manageable size, and it had begun to make a lot of money. While it was still second to the International Paper Company in newsprint tonnage, I.P. was in this period still mainly an agglomeration of old mills, losing ground in the newsprint field. Great Northern was the leader. But Garret Schenck was in his sixties, Col. E.H. Haskell was 72; Charles Mullen, never any factor except in the promotion days, was long gone from the scene; Col. A.G. Paine was dead, after an embittered disagreement with Garret Schenck; Capt. R. Somers Hayes was dead; Col. Oliver H. Payne
had just died, the great expansion in the Canadian newsprint industry had begun, and almost overnight Great Northern became a rock-ribbed conservative; the "giant hiding in the Maine woods" as one financial writer put it later; and this was its image for the next thirty years. It had become an institution. Its production continued to grow, but slowly, the increase averaging only about two percent a year in this period. In 1917, it was making about 15 percent of all the newsprint produced in the United States. By 1947, while it accounted for around 40 percent of United States production, this was due to the great decline in the domestic newsprint industry, which in that year made not more than half as much paper as it did thirty years before, and the Company's share of the United States market was down to under seven percent and losing. By this time, however, the people who had the largest financial stake in the Company had awakened to the fact that the world was going by; new faces had begun to appear on the Board of Directors; the giant began to stir, and behind the scenes a new Great Northern began to take shape.

Let us now go back to the year 1900, and consider the events which for a short time made the Company the big bad wolf. The West Branch drive of that year contained the first pulpwood cut for Great Northern, some of from as far away as the South Branch. It has been seen that there was still a significant lumbering and sawmill business on the Penobscot when the Millinocket mill was built, and that the driving of
logs was a prerogative of the Penobscot Log Driving Company. It will also be recalled that it was the custom to take bids on the drive, and this was done at an early spring meeting of the P.L.D. In 1900, there was some difficulty about getting anyone to bid. The Company had of course, gained a voice in the P.L.D. by reason of its operations on the river, and was represented by Charles Mullen, who was urged to bid, but refused, saying "No, sir! I've got all the trouble I want on my hands this year." It was finally taken by a young man by the name of Fred A. Gilbert (1866 - 1938), who before the year was out was to take charge of the Company's timberlands and about whom the Bangor Whig & Courier (Bangor Daily News) of February 14, 1900 had this to say:

"Mr. Gilbert has never before driven the logs, but his ability to do the work and do it to the satisfaction of all the log owners is not questioned. He is one of the shrewdest young business men in this section. He has been a successful lumberman for many years and with everything favorable he will get the logs into the Penobscot Boom in good shape."

It has been impossible to pin down the exact date of his first association with the Company. Salary records indicate his employment on August 1, 1900, as Woodlands Manager. However, in February of that year, the Directors had voted a salary of $5,000 per year, effective January 1st. to an unnamed "Lumber Agent," and it is quite likely that this was Fred Gilbert.
This "young business man" was 34 years of age. Born in Orono, he had gone to work in the woods when he was 16 years old, and when he was 20, had been taken into his father's business, which operated under the name Thomas Gilbert & Son, cutting on the South Branch in the late 1880's. At this time he was in a partnership which he had formed in 1898 with James McNulty, another young man, and probably William Engel, of Bangor, a sawmill operator, doing business as Gilbert & McNulty; according to the Bangor Daily News "probably the kings among the lumbermen in Maine today," employing more than 750 men. It is said that Garret Schenck in the first place had approached Tom Gilbert himself, who said that he was too old, and suggested his son. Whatever Fred Gilbert's status with the Company may have been, he conducted the 1900 drive as an individual, not as an agent of Great Northern, and as far as is known, it was uneventful.

The fireworks started upon the convening of the Maine legislature in 1901, when a bill was introduced to incorporate the West Branch Driving & Reservoir Dam Company. The big new power plant at Millinocket, upon which the whole operation depended, required increased water storage and year-round control of river flow. The P.L.D. could not be counted upon to provide either. The interest of the downriver lumbermen who controlled it was in having enough water to float logs during
the driving season, only incidentally in governing flow, and
the proposed legislation was a frank bid by Great Northern
to take control of the West Branch from the P.L.D. Both the
intent and the reason were stated in the prospectus which has
been mentioned.

The New York Sun reported on this development on January
27, 1901, and the article was clipped, dated and initialled by Col. A.G. Paine, who sent it to Garret Schenck in Boston. It is quoted at length, because it states clearly the issues and the arguments which would be used, and recreates the atmosphere of the times.

"FIGHT FOR A GREAT RIVER"

Control of the Penobscot to be fought out in Maine

"Bangor, Jan. 24. On Tuesday there was introduced in the Maine Legislature a bill which will probably precipitate the greatest fight ever known in the history of that body -- the long-expected struggle between the Penobscot River lumbermen and the corporation known as the Great Northern Paper Company, which is chiefly composed of New York men. It is a fight for control of the water of the Penobscot River, and upon its result
depends, in the opinion of the lumbermen, the fate of the industry upon which the prosperity of the City of Bangor and many other towns hangs, the cutting and sawing of logs.

The bill provides for the incorporation of the West Branch Driving and Reservoir Dam Company, the incorporators being Frederick H. Appleton, Joseph P. Bass and J. Fred Webster of Bangor; Fred A. Gilbert, Orono; A. Ledyard Smith, J. Sanford Barnes, Jr., Payne Whitney, R. Somers Hayes and Garret Schenck, New York. The ..... bill provides that the new concern may exercise the right of eminent domain and thereunder take and hold all the dams and other property and all the rights and franchises of the Penobscot Log Driving Company, paying for the same such price as may be agreed upon by the two corporations, or in case of no agreement ..... such value as may be assessed by the County Commissioners or other court .......

This having been accomplished, the Penobscot Log Driving Company, which has been in prosperous existence since 1846, would cease to exist...... Briefly, the new concern wants to kill the old one and take its place for the purpose of controlling the water of the Penobscot River. The new company ..... intends to take up all

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the duties of the old company in the driving of the West Branch logs, and says it can do the work with less waste of water than under the present arrangement; but it desires to start the West Branch drive, the most important on the river, at a fixed date.

This is where the chief objection of the lumbermen comes in. The lumbermen say that it would be impossible to have all or any of the logs at the point of starting, the head of Chesuncook Lake, at any fixed time, and according to the terms of the bill all logs that are not ready to start will be left behind until another year. This delay of a year would ruin all the small operators, whose entire capital is tied up in their logs, and also cause depreciation in the value of the logs from shrinkage in measurement. Furthermore, such an arrangement, the lumbermen say, would seriously affect the value of all timberlands beyond the head of Chesuncook, as logging operations to supply sawmills being discouraged there would be no demand for the timber on these tracts except what might come from the Great Northern Paper Company, which corporation is the parent of the proposed West Branch Driving and Reservoir Dam Company. This condition being brought about, the Great Northern could fix its own price for logs to supply the big pulp and paper mill at Millinocket .......
The new company binds itself to make at least one drive a year and to see that the drive gets through, but in order to save water for the Great Northern Company's mill it would be necessary to start the drive at a time so early that many logs would be shut out and left to shrink and rot for a whole year along the headwaters. Further than this, the West Branch drive, or what logs were started in it, would get to the boom before the East Branch logs had reached the main river, and the water being shut off, the East Branch logs would be stranded. The lumbermen say that the granting of such a charter to an outside corporation would discourage the cutting of millions of logs for the Penobscot sawmills and divert millions more that would be cut to the St. John and Kennebec rivers, thus effecting the ruin of the Penobscot lumber industry and dealing to the City of Bangor a blow from which it might never recover.

The representatives of the Great Northern and of the proposed corporation say that their only object is to effect an arrangement for the control of the river water in such a way as to prevent unnecessary waste and to afford the best service to all interests -- the pulp mills as well as the lumber mills. The lumbermen declare
that it is an attempt on the part of a foreign corporation to get complete control of the Penobscot River, using the water for its own purposes and at the same time destroying all competition in the log market. The Great Northern Company is rich, and great influence has been and is being brought to bear upon legislators and others to secure the passage of the bill. But the lumbermen are also rich, and will make a fight that will stir all Maine.

Millions are invested in logging, in timberlands and in mills; the commerce of the port of Bangor is almost entirely in lumber; the laboring men get their employment from lumber, and, in short, Bangor's existence as a city depends upon spruce logs being sawed in the mills along the river. The clash of the two great interests will create more excitement at Augusta than anything that has occurred since the famous "count-out" days."

The reference to the "count-out" goes back to a political crisis in the year 1879, when Maine for a time had two governors and two legislatures.

All of the incorporators of the proposed West Branch Driving & Reservoir Dam Company have appeared before in this story except Payne Whitney (1876-1927), who was the son of
William C. Whitney. His name has often been confused with that of his brother, Harry Payne Whitney, who had no connection with the Great Northern Paper Company. Even the prestigious Boston News Bureau made this mistake. Col. O.H. Payne's protege and "favorite nephew", he had just been elected to the Board of Directors of Great Northern, and became very active in the affairs of the Company. Already wealthy in his own right, he inherited, the next year, one-fifth of his father's vast fortune, and upon Col. O.H. Payne's death in 1917 became one of his two principal heirs. He was a director of the First National Bank of New York and the Northern Finance Corporation; a trustee of the United States Trust Company, the New York Public Library and the Metropolitan Museum of Art, and had broad other interests. According to the Boston News Bureau of August 31, 1931, the gross value of his estate, when it was distributed in 1929, was $239,000,000, the largest ever recorded in New York State to that time. Of this, $67,000,000 was left to various educational and charitable institutions, and it is said that during his lifetime he had given away another $100,000,000 for the same purposes, most of it anonymously, all of it quietly. At this point in our story, he was only 27 years old.

The bill was referred to the Joint Committee on Interior Waters, consisting of three Senators and seven House members.
Of the ten, three were lumbermen, one was a lumber products manufacturer, two were sawmill operators, and one the owner of a sulphite pulp mill. Opposition to the measure was as vigorous as expected. Protest meetings were held in downriver communities, and groups were organized to go to Augusta to lobby against its passage. The most bitter attack at this time came from Samuel R. Prentiss, whose difficulties with the new company have already been noted, and who predicted in a Bangor speech that the effect of the bill, if passed, would be to drive all pulp and sawmill operations up river out of the Penobscot Boom area, and by control of stumpage prices to force the sale of timberlands (to Great Northern). Everyone waited, however, for the annual meeting of the Penobscot Log Driving Company, in which both sides were represented, to see what its position would be. This meeting was a lively one. Two slates of Directors were offered, one representing the lumber interests, and the other, in effect, the Great Northern Paper Company. Voting, as in the past, was on the basis of the number of teams of horses in the woods, and Great Northern had moved a large number of horses into its operations in recent weeks. This caused a great outcry, no doubt justified, until the Company agreed that only working horses should be counted. In the voting, the down-river forces were victorious, although the popular Fred A. Gilbert, who was then on the Great
Northern payroll, and his partner, James H. McNulty, who sided with Great Northern, were elected. (1) Incidentally, the Company had agreed to buy horses and logging equipment from James McNulty, and a parcel of cut-over land from the third partner, William Engel, if, but only if, the legislation passed.

The Directors then voted to appoint Judge Louis C. Stearns of Bangor to lobby against the West Branch bill. In the course of the hearings, thirty separate remonstrances against the measure were received by the Legislature, with some 2,600 names appended, representing nearly every down-river town, and such groups as the Passadumkeag Boom Company, "Laborers on the Penobscot River", Bangor business houses and pulp and paper manufacturers. The Bangor Commercial, with which J.P. Bass was connected, was mildly pro; the Whig & Courier was wildly anti. As the result of all this pressure, and the make-up of the committee, the original bill was withdrawn, to be redrafted for submission to the 1903 session. At the same time, a two-year contract, approved by the Legislature, (Chapter 293, Private and Special Laws of Maine, 1901), was made between the Company and the P.L.D., under which Great Northern was to conduct the drive in the years 1901 and 1902, with a three-man committee, one from each faction and a neutral, to set the date it was to leave the head of Chesuncook. (2) This first effort to establish the West Branch Driving & Reservoir Dam Company, the furore caused by it, and the problems arising

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in connection with the drive of 1901, make up the situation mentioned as having a possible bearing on the decision to abandon the expansion at Madison on the Kennebec River which was started in the fall of 1901. There is actually no evidence that there was any connection, however.

It would appear that by 1899 the Bangor & Aroostook Railroad was making plans to extend its line to Fort Kent, which it did a few years later. F.W. Cram, then its General Manager, had, as we will see later, big ideas about the development of industry along his road, and on July 11th of that year Moses Burpee, Chief Engineer of the railroad, made a report on the power that might be generated on the lower Fish River for use at Fort Kent, with the water storage that could be obtained by building dams on the system of lakes from Eagle Lake eastward to Mud Lake. We do not know whether or not the proposition was ever brought to Garret Schenck, but in one way or another it got to Col. O.H. Payne, who was sufficiently interested to hire a forester, L.V. Ripley, to make a study of the wood supply in the area. We cannot make much of his report to Col. Payne, which is in the form of a holograph letter with maps and tables attached, dated at New York on September 19, 1900, except that he did not seem to find as much timber as was estimated by the Stetson and Dunn interests, which owned part of the lands involved. We can be quite sure that this investigation resulted from some approach
by F.W. Cram, as Moses Burpee's study of the water power was attached to the report as an exhibit. There is no mention of the Great Northern Paper Company and no action was taken.

This proposition turned up again in 1902 or 1903 in the form of a prospectus issued by the Fish River Improvement Company, incorporated by the same Dunn and Stetson interests, offering the water power, an existing shingle mill and about 15,000 acres of timberland for $300,000, and another 75,000 acres or so along the railroad for $10 to $15 an acre. This was accompanied by a Lewiston engineer's evaluation of the possibilities of the water power. There is some indication that this was given to Hardy Ferguson for study, but again nothing came of it.

Apparently nobody else was interested in it at this time, either, and it laid around until 1916, when it was brought up again. This time it was definitely referred to Hardy Ferguson, who wrote to William A. Whitcomb on December 22nd. of that year saying that it was a long time since he had looked the situation over, and that his memory was rather hazy -- which is what leads us to believe that the earlier proposals had been submitted to him -- and that, in effect, he was not much impressed by it, as very expensive water storage would have to be developed to support even a one-machine mill, and again there was no action. We believe
that one Walter A. Powers, a lawyer and a very persistent man, who we will meet again later, was mixed up in this, and in 1919 it came to the Company again as another prospectus, this one offering only the power and shore rights for $125,000, with a list of various pieces of land which would be sold at different prices. Almost all this land, and the Fish River power rights with it, was bought in 1920 and 1921. There will be more on this later.

It will have been noted that Charles Mullen did not figure in the West Branch Driving & Reservoir Dam Company episode. He had already severed his connection with the Great Northern Paper Company. This might be a good place to digress and examine the further activities of this man who was so important in the Company's formative stage.

From all appearances, he had it made. Our friend Derb, in a little article picked up by one of the Bangor papers of February 6, 1900, and headed "DERB JOLLIES MULLEN", said:

"Didn't I tell you to keep your ear a-listening for news from Charles W. Mullen, the Great Northern director who was living modestly in Old Town, Maine, twelve miles north of Bangor when he suddenly bought everything out and stood forth as the Maine terminal of the Schenck concern? Now he's done just what I knew he would do, come to Bangor and put a part of his new money into real estate."
For a good many years, Mr. Mullen lived quietly in Old Town on a side street of that little city. Now he has bought one of the handsome houses in Bangor on one of the two swellest streets, and is going to live there. They say he spent just a trifle short of $15,000 for the house and grounds, which are extensive, and as, before he gets through with it he will easily put in enough to make up a round $20,000 it will be seen that running the in-end of a pulp and paper deal is good business for a man who has the brains to handle the situation."

Nobody really knows why Charles Mullen chose to go his own road. It does appear that it was his choice, although there had been a certain attrition of his status which has led some to the opinion that he was sluiced. In the 1899-remaking of the Northern Development Company into the Great Northern Paper Company he had lost the position of Treasurer, but remained Clerk of the corporation. He was also one of the three carry-over Directors, the other two being Garret Schenck and Col. F.H. Haskell, with whom he jointly owned the power rights in the Millinocket area, land around the site of the new mill, and the timberland that was to be included in the sale to the new company. He had been agent for the other two in the purchase of this land. He was
Manager of the townsite laid out at Millinocket. He was in charge of the first cut of pulpwood for the mills, and it has been said, and is reasonable to assume, that he expected to be placed in charge of the management of Great Northern's timberlands. However, from comments heard a good many years ago, it appears that Garret Schenck preferred someone else in this field, and besides, he wanted more weight behind the up-coming effort to get control of the West Branch. At any rate, he had hired Fred Gilbert for this position. Charles Mullen was reelected to the Board of Directors at the annual meeting on January 17, 1900, and was Clerk for that year. Nevertheless, for his own reasons, whatever they may have been, he departed quietly from Great Northern at the end of that term.

Not only did he leave the Company, but he sold all his stock some time during the year 1900. According to a member of his family, James Mullen "pleaded with him" not to do this. In April, 1900, a total of 2,220 shares appear in his name. This was likely the stock received as his share of the initial sale of property to the Company. Later on in the year, he should have held twice this amount as the result of the conclusion of the sale, less his share of the cost of the property. The stock was at that stage undoubtedly at its par value of $100 a share, and was probably bought by the New York people, as there was no market for it. In Jan-
January, 1901, only three shares, plus an interest in 20 shares owned jointly with Garret Schenck and Col. Haskell, appear in his name.

There has been some speculation that Charles Mullen was pushed out by Garret Schenck, but although the situation may not have been an entirely happy one, the writer has concluded that this was not the case. The impression gathered from early associates is that Garret Schenck did not think highly of Charles Mullen's ability; "a light-weight", he called him, but there is no evidence of any ill-feeling between these two men, and except for a little misunderstanding some years later they remained on the best of terms.

The late Charles E. Mullen said that his father was not connected with any significant industrial enterprise after he left Great Northern and before embarking on his Canadian venture, which will be discussed, but he had a lot of irons in the fire. Early in 1899, probably with John Cassidy, of Bangor, he had organized the Twin Lakes Lumber Company, which built a steam sawmill on the east shore of the Elbow, about a quarter of a mile above the old North Twin dam. This mill sawed about 100,000 feet of lumber a day, from logs cut on Cassidy land in the Jo Mary region. It supplied practically all the native lumber used in the construction of the mill and the early buildings in the town of Millinocket, and for a few years shipped to the Boston market. It is said that there was equipment in this
mill to make chips from the waste, and that these were sold to the Millinocket mill. The sawmill was connected to the main line of the Bangor & Aroostook by a spur track, and there was quite a little settlement -- a blacksmith shop, an ice house, a boarding house, a number of other houses or cottages, and a general store, around it. Both Charles Mullen and James Mullen had cottages or houses there, as furniture in these houses is excepted in a deed to the Company. Some of the property in this location seems to have been owned by Charles Mullen personally, rather than by the Twin Lakes Lumber Company. The whole works was acquired by the Great Northern Paper Company in 1905, under circumstances which will be explained later. At that time, the mill was dismantled, and much of the machinery is said to have been installed in Rush's mill, which was in operation on Millinocket Stream, in Millinocket, for many years, but as we recall was pretty much inactive for a time before it burned in 1953.

It is said that he was the owner of the James F. Kimball Company, or the Kimball Trading Company, which had a general store in Millinocket, located originally near Millinocket Stream east of where the Administration Building was later constructed. This was an already established business when he bought it, if indeed he ever did. He also continued to engage in lumbering operations on the West Branch and cut pulpwood for the Company in the early years.
There is not much doubt that at this time Charles Mullen was an opportunist, and saw himself as a promotor rather than strictly a business man. Before he cut his ties with the Company, he was already dealing for another power on the Penobscot, this time at Mattaceunk Rips, the site of the present Roy V. Weldon station. He made his first purchase of land and flowage there in January, 1901, with other acquisitions in 1902, 1903 and 1906, and at this time probably obtained options on much of the rest of the flowage, not picked up until a number of years later. In these purchases he became acquired or established a farm on what came to be called the "Mullen Flat", just below Mattaceunk. Here he went into the business of raising dairy cattle and selling milk in Millinocket. The farm was operated for him by Bill O'Connell, who had been the clerk at the North Twin sawmill, and was later active in connection with the Company's woods operations. There is a story that while on one of his trips to Canada he decided to get out of the dairy business; issued orders by telephone to make beef of the herd; and in the process, through a misunderstanding, lost a prize breeding bull worth several thousands of dollars, which went into steaks and roasts along with the rest of the stock.

He went into politics. A Democrat, he was elected to the Maine legislature in 1909, and was a member of the committee appointed to rebuild the State House. In 1911, in a special election, he was sent to the Senate to fill the vacancy caused by the death of his brother James. In this same year, he was
elected Mayor of Bangor, and was in office during the great fire. He was re-elected in 1912, and is credited with doing much of the planning that went into the rebuilding of the city, including the establishment of the Kenduskeag Mall between State and Central Streets. His name will be found on the tablet at the entrance to the Public Library built at that time. He also served on the Maine Public Utilities Commission, and was on the State Normal School Board.

Apparently he made no immediate move toward developing the Mattaceunk power, as not too long after he acquired it he became interested in the possibilities of the pulp and paper industry in Canada, particularly in the Province of Quebec. At least as early as 1907, he was traveling extensively in that area in search of opportunities and associates, but it was not until 1915 that he found what he thought he was looking for. At that time, he picked up the remainder of the Mattaceunk property, and made a deal to sell it to Great Northern. This was arranged through the Old Colony Trust Company, of Boston, to which it was mortgaged, in November, 1915. A month later, it was deeded to Northern Finance Corporation, in effect a sale to the Company, to which the property was transferred by Northern Finance in April, 1917. The price was $166,666.66, plus interest at 5% paid to Northern Finance from December, 1915.

With this money, and whatever else he may have had, he launched into the Canadian project and another venture, which are described in Appendix B, and from which he emerged almost penniless.
Mention has been made of the death of James Mullen. While he had been in the pulp and paper business, having been connected with Penobscot Chemical Fibre, and was involved in the reorganization of the old Lincoln Pulp & Paper Co. into the Katahdin Pulp & Paper Co., and in the construction of the sulphite mill there in 1893, he did not go back to the industry, but continued in the construction business, with his brothers John and Joseph, as J.B. Mullen & Co. Specializing in heavy concrete work, he did a lot of this construction - bridge abutments, culverts and the like, for the Bangor & Aroostook. He had the new mill construction started at Madison in 1901, and the 1903 North Twin dam which we will take up later. He also built the Veazie hydro-electric plant owned by the Bangor Hydro Electric Co., and the original filtration plant of the Bangor Water Works. As the Bangor Daily News of January 11, 1911, said: "No man in Maine understood the possibilities of concrete construction better than he, and a "Mullen job" is the sterling mark of thoroughness..." He was active in local politics; served in the Maine House of Representatives in 1905 and 1907 and in the State Senate in 1909. Re-elected to the Senate for the 1911 term, he died suddenly in Augusta on the day of the Governor's inauguration. John (1852-1939) and Joseph (1856-1933) remained in the construction business after his death, and "Joe" Mullen in particular was active in work for the Great Northern Paper Company, mostly dam construction, for many years.

Now to return to the West Branch, in the spring of 1901. Fred Gilbert ran the drive that year as representative of the
Great Northern Paper Company under its contract with the Penobscot Log Driving Company. This was the famous "Long Drive", when the rear "came in on snowshoes", reaching the booms above Bangor about the middle of November in a blizzard of snow and lawsuits. The story will be told in another place, but is mentioned here because of its effect on the West Branch bill, which was brought back to the Legislature in January, 1903. While it was supposed to have been redrawn, it was presented almost exactly in the form in which it had been in 1901. It was referred, as before, to the Joint Committee on Interior Waters, but before hearings started was revised to give more protection to the down-river interests by strengthening the powers of the bipartisan committee set up by the Great Northern - P.L.D. contract. Two Company men, George W. Stearns of Millinocket and A. Ledyard Smith of Madison, were in the Legislature that year, and the latter was on the committee, which, while not so heavily loaded with lumbermen, still had on it five men representing this industry. By the end of February, fifty-two petitions in opposition, with nearly 5,000 signatures, had been filed, but the Company had been doing its homework too, and there were twenty-two submissions, with about 2,300 names, in favor. True, more than 700 of these were from Millinocket, but a lot of influential people, from towns all along the river, were included. The Penobscot Log Driving Company had called a mass meeting of lumbermen, mill owners and others, who passed a strong resolution in protest.
The P.L.D. also put in a bill of its own, which would have modified its charter and provided for voting on the basis of a combination of the quantity of logs and the distance driven, a direct slap at Great Northern, which had a relatively short drive. The Bangor City Council instructed the Mayor to lobby against the West Branch bill. Hearings began on February 19th. The Long Drive immediately became an issue. The opposition dwelt on this, on the past record of the P.L.D., and on the malevolent nature of a great corporation. The Company urged consideration of the future and the benefits of modernization. A parade of witnesses was called. Hardy Ferguson and J.W. Sewall presented a plan for control of the water. James McNulty switched sides, breaking with his old partner, Fred Gilbert, who he said had tried to bribe him and others by offering to settle the lawsuits arising out of the Long Drive in return for support. The Bangor newspapers changed sides, the Commercial coming out with what was intended to be a telling argument:

"Mr. Payne, one of the stockholders in the Great Northern, is also one of the principal owners in the Standard Oil Company. We do not mention this in any opposition to Mr. Payne, but that the members of the Legislature may realize the importance of legislation that will affect the interests of every citizen of this State."

The reference was of course to Co. O.H. Payne, and it must be remembered that at that time Standard Oil was a very dirty word.
The committee deliberated. Lobbying was intense during the hearings, and a blackout on publicity was proclaimed until after a decision had been made. A compromise bill was finally arrived at, under which the West Branch Driving & Reservoir Dam Co. was allowed to take over the river and the drive from the headwaters of the West Branch to Shad Pond; to raise the level of Chesuncook and the Lower Lakes for additional storage, and to build dams at Sourdnahunk Falls and Ambajejus Falls. It was required to discharge not less than 2,000 c.f.s. of water at Millinocket as long as there was any storage in the reservoirs, a requirement that still stands. This left the P.L.D. in control of Millinocket Lake and Stream, and of the driving below Shad Pond. The compromise was reported out favorably. A. Ledyard Smith removed himself from the incorporators, so that he might vote for the bill. The act (Chapters 173, 174, Private and Special Laws of Maine, 1903) was passed without debate, and was approved on March 13, 1903. Chapter 173 covered changes in the voting procedure of the P.L.D. Co., providing that every person or corporation owning timberland on the West Branch, and every owner of logs to be driven beyond Shad Pond, should be members. Each timberland owner was entitled to one vote, and each owner of logs one vote for each 100,000 feet for delivery below Shad Pond. Great Northern had the West Branch, and in spite of the prophets of doom, the Queen City still stands and prospers.

It has been noted that when the various companies associated
with log driving on the lower Penobscot were dissolved in 1956, the Penobscot Log Driving Company remained alive. It is still alive, under rather curious circumstances, and these may as well be explained here. We will include little of the associated history along the way, and at the same time we will add a little flavor to the tale of these early days.

For some years after the West Branch Driving & Reservoir Dam Company took over the drive, it sorted down-river logs at the Quakish Dam and sluiced them through the "back channel" -- the original river-bed below the dam -- into Shad Pond. This took a lot of water, and the Grand Falls was one of the most difficult places on the river to drive, as pointed out by Hardy Ferguson in a report made in 1903, which will be covered later. Furthermore, some of the old experienced river men would not work for the new company. The most bitter comment about this comes from Fannie Hardy Eckstorm's famous book "Penobscot Man", from which we quote sufficiently to convey the full weight of her scorn:

".....Here was North Twin Thoroughfare with two big booms in it. The little steamer that runs to the head of the lake was forced to lie by and wait for them, and aboard of her two old river drivers, leaning against the pilot house, were pouring contempt on all they saw...

The men upon the logs ran around aimlessly, like bewildered ants; they got a piece of spare boom, much too short, and with it lengthened one of the main booms:
when it failed to relieve the congestion in the
narrrows they did not know what to do; they tugged
and pried and poked and hauled .... and nothing
came of their labors.

The veterans on the steamboat were entirely
free in giving their opinions about the whole per-
formance to everyone but the men at work. To them
they offered no suggestions....

'Any ten-year-old child could tell 'em what
they ought to do', said one of the old men to the
other......' 'Course,' agreed the other; 'any
fool could tell 'em that, only half tryin', but
what do you expect of 'em this year, when there
ain't a single man on the drive that knows the river?'

I took the phrase home with me -- not a single man
on the West Branch Drive who 'knew the river'. It was
sheer impossibility .... the pride and boast of the
West Branch drive has always been not its supple young
foam-walkers.... but its battle-scarred boatmen, who
'knew the river'....

'Billy', I said, when I got home, speaking con-
fidentially to one who had served his three and thirty
years on the West Branch drive, 'where were you this
spring -- West Branch drive as usual?'
'Oh, no', said he slowly, 'I didn't drive this spring; I'm gittin' most too old for that'... 'Where was Joe? Where was Steve? Where was Joe Solomon; Where was Prouty? Where was this one, that one, the other?... He shook his head at every name. Where were they all? Oh, at home: all getting old like himself, or at some easier trade than river-driving, or off on the East Branch working for Con Murphy, who was a lumberman from the peavey up. .....Never had I heard of anything more astonishing. Then light broke through ....Times had changed. It was P.L.D. no longer; no longer the old 'Company' for which our men had slaved so willingly; no longer Ross, Murphy and Smart contracting for the drive; no longer any of the old neighborly names that we had always known... no longer men below who obeyed orders only when they did not see a better way; who worked with all the strength there was in them, and on day wages were partners in interest and responsibility...

The times had changed indeed. That year the great stranger company had taken the drive to show us how much better Millions of Money can manage those things. There was a railroad to its own doors; there were steamboats at its service on all the lakes; it had a telephone the length of the river; it had unlimited capital; -- and all these things our leaders lacked, fighting the wilderness bare handed. Besides, the Great Company very
nearly owned the State; it owned the water-power; it
owned the forest land; it guided legislation; it had
made enormous improvements and was contemplating others
which will end God knows where, if they do not improve
us all out of existence. It was supreme; the incarnation of
the Money Power, the eidolon of the Juggernaut Capital,
which is pictured as ready to crush all who will not bow
down -- and some who do. Never before had we seen anything
which quite so boldly flaunted the legend 'Money is Power'.
It could do what it pleased. It could buy what it pleased.
It could buy everything.

   Everything but men!

   So not a single man of the old West Branch Guard
had bowed to it, not a single man who knew the river had
bent to its magnificence, but every man of them had
shouldered his cant-dog and marched off to work for one
who was a 'lumberman from the peavey up'."

This was written in 1904, and it is the distillation of the
venom generated during those early years by those who thought as
she did about the advent of the Company and the events of the
period as they affected the West Branch. It was a nostalgically
distorted view. The men she writes of were the older men, who
had experienced the hardships of the old days, and were contemp-
tuous of improvement except as it was wrought by those they knew,
and to whom they had given their loyalty for so many years.
Three generations of the men she writes of; the romantic figures immortalized by the Pierce statue in Bangor, had come and gone. There would never be another. In terms of social good, that was for the best. In her own words:

"Comrades, of the peavey, that was your swan-song;... nevermore will you work eighteen hours a day and call it fun; nevermore toil for ninety days or a hundred without a break; nevermore... will you be called upon to work nights.... Never again shall I behold men looking like those I used to see when they came off the drive... crisped almost to blackness by the sun, baked with the heat, bitten by black flies, haggard, gaunt, sore-footed, so that once their driving boots were off, their parboiled feet could endure none but the softest kid.... and above all sleepy...gaping from unutterable weariness..... In those days they worked both day and night."

This of which she writes was magnificent, but it was no longer needed. There was really little difference in river-driving procedures with the coming of the West Branch Driving & Reservoir Dam Company, but there was a change in the nature of the river-driver. Many of the old-timers did stay on. They formed the nucleus of the new generation of drivers who by any standards were still hard men, living a hard life. They were called upon to work nights, and many of them were
devoted to leaders from the new company, like Al MacNeill, Lonnie Mann and Jim Sargent, but times had changed. In a few years, even the old P.L.D. was not getting men like those eulogized by Mrs. Eckstorm, as is evidenced by the notes on the lower drive quoted in the section on the long log days. River-drivers had become a mixed bag, not a type, but discussion of this development has no place here.

In 1908, the obvious answer to the waste of water and the dangerous job of driving logs over the Grand Falls occurred to someone, and in 1909 the "overland sluice" was constructed. This was a big V-shaped wooden trough, on bents and mudsills, running from the end of the canal at the headgates above the penstocks southeasterly nearly half a mile to Millinocket Stream, discharging at a point near what was known as "the Cape". Long logs, and later short wood, were brought down the canal and put through this sluice, by-passing the falls entirely. This was a Great Northern operation, as it was all above Shad Pond. In 1919, this sluice was completely rebuilt and lined with strap iron, and was in use as long as wood for other people was going down-river. Meanwhile, another sluice had been built from the pond in the Millinocket mill yard to Millinocket Stream, and when the only pulpwood coming down the West Branch became Great Northern wood, the big sluice was used only intermittently for getting rid of the dri-ki that accumulated in Ferguson Pond. Some twenty years after it was rebuilt; the exact date has not been found, but it must have been some time in the 1930's, it suddenly opened up like a split fish, and collapsed from end to end. It was decided not to rebuild it, for reasons which will be noted later.
Now, it will be recalled that the P.L.D. legally had the right to drive on Millinocket Stream, and on the West Branch below Shad Pond, but after the Fast Millinocket mill was built in 1906, creating Dolby Pond and the Lower Mill flowage, Great Northern, by agreement, handled the driving in this area, through the Fast Millinocket dam. It will also be recalled that the P.L.D. had built and owned the Millinocket Lake Dam. It still does, and this is the only reason for its remaining alive.

Some time during the years, it was agreed that Great Northern would assume the maintenance of this dam, and control the flow of water from it, without expense to the P.L.D. Just why the Company did not buy this property is not known with certainty, but recent inquiry of counsel indicates that it would be a complicated procedure, on account of the peculiar corporate structure of the P.L.D. following the 1903 legislation. A little later, it will be seen that in that year Hardy Ferguson had suggested diverting the water from Millinocket Lake into Ambejejus, but that the idea was discarded. However, in 1949, the Penobscot Log Driving Company, at the instigation of Great Northern, obtained a legislative amendment to its charter (Ch. 67, Private and Special Laws of Maine, 1949), authorizing it to store water for power generating purposes, and to divert this water into Ambejejus Lake by pumping; and by vote gave permission to Great Northern to install equipment for this purpose. The story of this development will be told later.
One hundred and twenty-four years after it was organized, the Penobscot Log Driving Company has eight or nine stockholders, and holds regular annual meetings. It has no property but the Millinocket Lake dam, and has no expense except for the required advertising of annual meetings. To cover this, it assesses Great Northern $50 or $75 occasionally, to keep a little money in the treasury.

This digression puts us far ahead of ourselves, but it completes, for our purposes, which would have to have been done some time anyway, the history of what is in a peculiar way an existing subsidiary of the Great Northern Paper Company. Now let us proceed with our story.

The period from 1899 to 1917 divides itself roughly into two parts, the first running up to about 1910, and these will be examined more or less separately.

In the month of March, 1899, there had been a flurry of Directors' meetings. The President's salary was set at $12,000 a year, and that of the Treasurer at $2,500. Col. A.G. Paine, the Vice President, was appointed Assistant Treasurer, and office space for him was rented in the Times Building in New York, where he and the Treasurer were established. Maps and schedules of the property to be purchased were submitted, and Col. O.H. Paine, Col. A.G. Paine and A.W. Paget were appointed a committee to examine them.
On March 15th, the committee recommended purchase from Garret Schenck, Charles Mullen and Col. E.H. Haskell of the Millinocket site, the water power and riparian rights, together with 250,000 acres of timberland, for $1,350,000, to be paid for with 13,500 shares of stock, half common and half preferred, upon delivery of deeds satisfactory to counsel, and this was voted. A few days later, a special meeting was called to change this vote to omit, for some reason, any mention of approval by counsel. The report of the Bureau of Industrial and Labor Statistics for the year 1903 says that on February 23rd, the State Land Agent, under a special resolve of the Legislature, had sold to Charles T. Powers the land where his farm was located -- Lot 77 and the West Part of Lot 78, Indian Township No. 3, a total of 249 acres -- for the sum of $186.75. This was the site chosen for the mill itself, and his sale of this land to Charles Mullen and his associates was now legal. On March 30th, Co. A.G. Paine reported for the committee that the 2,000 acres of land to be acquired adjacent to the mill site and power, and 100,000 acres of the timberland were ready for conveyance, and the purchase of this property was voted. For the record, this initial purchase was as follows:

In Indian Township No. 3; the west part of Lot 78, all of lots 77, 76, 75, 70, 71, 60, 61; one-half of lots 62 and 72; one-eighth of lots 50 and 51, and a four-rod strip, measured from high-water mark, on lots 66, 74, 96, 97, 102, 103, 98, 105, 118, 126, 127, 128, 119, 88, 90, 92, 91, 89, 87, 84, and 86. This amounted to 2,000 acres more.

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or less, and comprised the Millinocket townsite as well as the land necessary to the power development.

All of T.5 R.20, T.5 R.18 and Seboomook, the latter including the Bradstreet conveyor outfit; 16,916 acres in T.5 R.19; 16,106 acres in T.5 R.17 and 6,859 acres in T.6 R.17. This all adds up to a little over 100,000 acres. The acreage figures are as they now appear in the Company's records. The original estimates were a little lower, but were considered for the purposes of the deal to be one-half the agreed-upon purchase.

There being no printed stock certificates at this time, temporary ones were issued for 6,750 shares, half common and half preferred. First, however, the group had to get the property actually cleared. Practically all the timberland was mortgaged as security for series notes, mostly running for three years, issued jointly by Garret Schenck, Charles Mullen and Col. Haskell. In addition, they had borrowed about $44,000 from the Eastern Trust & Banking Company, on notes endorsed by various parties, for the purpose of making down payments. These "consideration of deed" payments were themselves in most cases to be made in four installments, and these had not all been paid. As of April 5, 1899, the total of these obligations and accrued interest, 6% in all cases, seems to have been around $200,000.

Charles Mullen and C.F. Woodward, who was doing the legal work in Bangor, took up all of these notes during the first week
of April, with money sent by Garret Schenck, who was borrowing against the stock and banking for the group. In several cases, they could get release only by paying interest to maturity to the holders of the notes. Eastern Trust & Banking was one of these, demanding 2-1/2 percent interest for the time left on the notes. On April 3rd, C.F. Woodward had written: "The amount of interest which they will take out of you in this way is $1,279.10.... My own idea is that you had better submit to their exaction rather than allow them to hold the notes until maturity."

Some reservation was felt about title to the rest of the land offered, but it was deemed safe, and the Treasurer was authorized to make a contract for the remaining 150,000 acres, and to pay for it when conveyance was made. On April 13th, C.F. Woodward wrote to Garret Schenck: "Mullen says that these payments (made to that date) are all that are necessary to clear up the titles of the lands which you are still to convey to the Great Northern Paper Company. As soon as he shall bring me the deeds and papers, I will endeavor to prepare the deed so as to enable you to become entitled to the rest of the stock."


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At a meeting on July 21, 1899, Col. O.H. Payne officially offered the Madison mill property to the Great Northern Paper Company -- a formality, since the deal had already been made, and reconstruction by Great Northern was already in progress. There were no timberland reserves for this plant, except for 12,578 acres in Pierce Pond, included with the mill, and a 2/3 undivided interest (10,674 acres) in East Moxie, which the Company had bought in May. This was not enough to protect the operation, and besides, the Company was already contemplating an expansion there. In November, a committee was appointed to investigate the Lawrence Newhall lands in the townships of Lowell, Holeb, Forsythe and Spaulding, said to be 73,500 acres, actually 63,500, then on sale for about $3.50 per acre. The committee bought this land within a few weeks, paying 20% down and giving the Company's notes, payable over a period of two years, without interest, for the balance.

The first Annual Meeting of stockholders was held in the office of one of the Company's two Bangor legal advisors, the firm of Wilson & Woodward; the other being Appleton & Chaplin; on January 17, 1900. All the Directors were reelected. Garret Schenck reported on the startup and results at the Madison plant. He then went on to discuss the Millinocket development, stating that all the important structural materials and plant equipment had been bought before prices went up, at considerable saving; that the job was behind because of slow delivery of steel; that the townsite
had been laid out, 64 lots sold and 34 buildings put up. He
mentioned the timberland purchase on the Kennebec, stating that
it would give "ample protection to the present mill for its supply
of pulpwood and provide a safeguard in the future for any mill
that may be erected below the present mill." In conclusion,
he said:

"You have two very valuable mill properties, which it
is believed are up-to-date in every particular, and
which will in the near future, if well managed, earn
good interest on the investment, and certainly there
are no competitors at present in existence who can
produce paper lower than your mills."

That was a very cagey statement, when you think about it.
It was almost certainly intended for the consumption of the
New York contingent, who at this stage did not really have their
feet placed. He did not mention that the costs of both jobs
were far in excess of estimates, and that he was going to need
a lot more money. The original stock subscriptions had not been
paid in full, but were assessed from time to time, ten or fifteen
dollars a share, apparently to be paid on definite dates, and
at this time about $1,200,000 had been paid in. No actual cash
had been received from sale of products, and there were only about
$11,000 worth of receivables on the books. Working capital was so
short that the next month the Directors offered to pay 5% interest
on money paid against subscriptions in advance of call, and in
May, they voted to charge 5% on subscriptions not paid on time.
At the April, 1900 meeting of the Board of Directors, the first Executive Committee; Garret Schenck, Col. A.G. Paine and R. Somers Hayes, was appointed, and it was found necessary to call a special meeting of the stockholders, for some reason to ratify in some detail the actions of the Directors since the organization of the Company, although this had already been done in general form at the Annual Meeting, and to obtain permission to increase the capital stock. This special meeting was held on April 18, 1900, in Portland. A printed presentation stated that the intention was to ask for legislation which would permit an increase in capitalization, setting forth as the reason why additional funds were needed the decision to build plants of greater capacity, and to buy more timberland, than was originally contemplated. The proposal was to increase the capitalization to $5,000,000 by issuing 10,000 shares of new stock, half common and half preferred, to be offered to the existing stockholders on the basis of one for four, and it was stated that a syndicate made up largely of members of the Board would take all or any remaining part of the issue. A form on which the stockholder could indicate assent was sent with the notice of the meeting. A copy of the syndicate agreement is in existence. It was signed by O.H. Payne, J. Sanford Barnes and a Charles S. Fairchild, but the last two names have been crossed out. Of the 40,000 shares outstanding, the holders of 39,999 were in agreement. The missing share was owned by Samuel R. Prentiss. Somebody must have been unkind about this, as he took pains later to explain that he was
in Florida, did not get the notice, and would have approved, and this was duly entered in the minutes of a later meeting.

This would seem to have been a ploy intended to obtain quick cash. The legislature was not in session that year, so that no charter amendment was immediately possible. To get around this, the Company offered its "obligations" to subscribers, to be redeemed with stock when the legislation passed, or in cash, with interest at 6% on these obligations until redeemed, if it did not. For some reason not known, but probably legal, this scheme was not carried out, and additional money was borrowed from Col. O.H. Payne instead.

The Great Northern Paper Company came into the market when the price of newsprint was, in absolute terms, near a record low. The troubles of the industry during the twenty years prior to 1899, the strife with the publishers and the beginnings of the tariff struggle have been discussed briefly elsewhere. Newsprint price had been declining steadily ever since the advent of wood pulp in the late 1860's. It had broken sharply in 1897, under the pressure of cut-throat competition. In that year, it was down to $32.00 a ton, delivered in New York. By 1898, however, a seller's market was developing, due to the business boom caused by the Spanish-American war and the effect of the formation of two "trusts" in the industry -- the International Paper Company and another "trust", the General Paper Company, a sales combine put together by 26 mills in Wisconsin, Michigan and
Minnesota in an effort to make them competitive with International. By the middle of that year, about the time the Northern Development Company was being organized, it was up to $45.00 - $48.00 (3) With the end of the war, it dropped briefly, but almost at once recovered. A further increase in 1899 threw the publishers into a panic, and they began to make demands for a Congressional investigation of the newsprint industry. Just at this time, the Company had come into the picture, broke the price with its efforts to sell advance tonnage for Millinocket, using the production of the Madison mill as leverage, and had taken off the heat. From that day, the old Great Northern was many times in the position of being a price-cutter, in a polite sort of way, as will be seen.

The sale of paper from the Madison mill had apparently been handled informally, through various connections, but in November, 1899, the New York & Pennsylvania Company, Col. A.G. Paine's outfit, was named Sales Agent. The arrangement was formalized by a contract made early in 1900, providing for a commission of 2% of the net price received by Great Northern. Col. Paine put together a small organization, apparently operating out of Great Northern's New York office, which was moved to the Park Row Building. A sales office was also opened in Chicago. At this time, Col. Paine reported that he already had contracts with the New Haven Register and the New Yorker Staats-Zeitung. These may not have been the Company's first contracts, but they are the first mentioned in official records available. The Company's base
price was set at $37.00 a ton, f.o.b. Millinocket, but this apparently did not stick. The New York World contract was held by International, and Col. O.H. Paine was instructed to go after this for the year 1901 at a price of $40.00 a ton, delivered in New York. "Delivered" at that time meant the "sidewalk" price, that is, delivered at the customer's pressroom. He succeeded in obtaining not only this account but those of a number of other I.P. customers, but the indications are that the price was less than $40.00.

By October, 1900, a total of 45,000 tons of business had been lined up. The Millinocket mill, which had been expected to start up in September and then in October, was still not in production, and the Company was buying paper on the market to fill orders. However, the start-up was only a few weeks off. The contract with the New York & Pennsylvania Company, which ran for one year, with a renewal clause, was apparently not an entirely satisfactory arrangement, as before the end of 1900 William B. Dillon, about whom very little is known, was hired from the International Paper Company as Manager of Sales. Perhaps he brought some business with him, and this move apparently had the entire approval of Col. A.G. Paine.

The annual meeting of 1901 was held on January 16th. There were still only 40,000 shares of stock outstanding, half common and half preferred. Charles Mullen had resigned as Director and Clerk. His place on the Board was taken by William B. Dillon,
there being no other change. Col. Paine stepped down as Vice-President and as a member of the Executive Committee, and was replaced by William B. Dillon. They had had to pay $15,000 a year for Mr. Dillon, and the salary of the President was raised to the same figure. A. Ledyard Smith became the new Clerk. There was no change in this slate of officers -- Garret Schenck, President; William B. Dillon, Vice-President; J. Sanford Barnes, Treasurer and A. Ledyard Smith, Clerk, until late in 1912.

The New York office was moved again, to 51 Wall Street, early in 1901. What happened then is not quite clear. The sales agreement with the New York & Pennsylvania Company was due to expire June 1st. In June, Col. A.G. Paine offered to turn over to Great Northern certain of his employees who had been handling its business. Mr. Dillon said he had enough organization already. The Chicago sales office was closed, but the sales agreement with New York & Pennsylvania was allowed to run on, apparently without any formal extension, and was not terminated until June, 1903, so that there must have been a parallel sales effort in this period.

A bill amending the charter to remove the limit on capitalization and give the Company general power in this respect had been introduced in the Legislature, was passed, and was approved on March 13, 1901 (Chapter 347, Private and Special Laws of Maine, 1901). Another special meeting of the stockholders was held on April 15th to vote on accepting this legislation and
again on raising the capitalization to $5,000,000, this time by issuing 10,000 shares of common stock. Both votes passed, and the additional stock was issued on subscriptions dated February 1, 1901.

In April of that year, by consent of the stockholders, the preferred stock was called and exchanged share for share with common, and the President so reported at the annual meeting of 1902, held in Bangor on January 15th. At this meeting, Lewis Cass Ledyard (1851-1932) was elected to the Board, to take the place of A.H. Paget, resigned. Commodore Ledyard, as he was always known around the Company, by reason of his election to this office in 1900 by the New York Yacht Club, was one of the most famous corporation lawyers of his time. He was a native of Michigan, his father having at one time been mayor of Detroit, but the family had moved to Rhode Island when he was a boy. Educated at Harvard, he had gone into law practice with the New York firm of Scudder & Carter, which became Carter & Ledyard, and after 1904, Carter, Ledyard & Milburn. A friend, associate and trustee of the estate of the elder J.P. Morgan, he was counsel for the New York Stock Exchange for thirty years, and attorney for many of Col. O.H. Payne's interests, including, besides Great Northern, the American Tobacco Co., Tennessee Coal & Iron Co. and United States Steel. He was a Director, at one time or another, of the 1st National Bank of New York, the National Park Bank, the First Security Corporation, Atlantic Mutual Life Insurance Companies, the American Express Company and the Boston & Maine and Maine
Central Railroads; was a Trustee of the United States Trust Company, and President of Northern Finance Corporation, created to handle Col. O.H. Payne's investments. He was active in public service, being instrumental in merging the Astor, Lenox and Tilden libraries into the New York Public Library, of which he was President from 1917 until his death. He was a member of the New York Rapid Transit Commission, President of the New York Bar Association and the New York Lying-In Hospital; a trustee of the Metropolitan Museum of Art; a substantial contributor to charitable causes, particularly hospitals; an officer of the Legion of Honor of France and of the Order of the Crown of Belgium, and, as the representative of Col. O.H. Payne, the real power on the Board of Directors of Great Northern for many years. As a matter of passing interest, Franklin D. Roosevelt worked in his firm as a law clerk between 1907 and 1910.

Incidentally, there was no official Chairman of the Board of Great Northern Paper Company during the first fifty years, a chairman being elected at each meeting. The Directors received no fees for the first couple of years, but in the fall of 1901 it was voted that Directors who received no other salary from the Company would be paid $10 for each Board or Committee meeting attended.

There was a long period in the history of the Company when borrowing money was anathema, but that was quite a lot later. In the early years, borrowing was frequent and heavy. In September 1900, Garret Schenck had announced that at least another $750,000
would be required for the construction at Millinocket, and the Treasurer was instructed to get the money where he could, on the best terms possible. His salary was raised to $5,000 a year -- incentive pay, maybe. At this time, he raised $600,000 from the Chase National Bank and the Mercantile National Bank on short-term notes at 5% and 4-1/2% respectively. In October, with the completion of the Millinocket mill in sight, Garret Schenck reported that it was going to cost about $2,800,000, and that the need for additional funds had risen to $1,000,000. Col. O.H. Payne put up another $400,000 on the Company's two-year note, at 5%. By the following year, the Treasurer was giving notes to people like Rice, Barton & Fales, Farrell-Birmingham, Rodney Hunt Machine Company and General Electric, for equipment; to J.B. Mullen & Co. for construction, and even to the Eastwood Wire Company for paper machine wires. He borrowed $50,000 from the New York & Pennsylvania Company for sixty days. This note was extended into 1902, and was eventually paid off by turning bills receivable over to them.

Heavy borrowing from banks, mostly the two mentioned, on short-term notes, continued through 1901 and 1902, at least $1,500,000, covered only by notes. In June of that year, an issue of $3,000,000 of 25-year first mortgage sinking fund bonds, paying 5%, was authorized and negotiated through the Guaranty Trust Company of New York, as of July 1st. Half of this issue went to Col. O.H. Payne in exchange for the Company's notes. There seems to have been some difficulty about selling

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the rest of it, and it was into the following year before the last of the issue was taken by F.S. Mosely & Co., at 95% of par.

Other large expenditures and more headaches were coming right up. More water storage was imperative. The West Branch Driving & Reservoir Dam Company was organized immediately upon passage of the West Branch bill early in 1903, with Garret Schenck as President, and voted to start at once on the construction of a new and higher dam at North Twin, and the rebuilding of the Chesuncook Dam to a higher elevation, along with other improvements in the river.

The raising of these two dams, and the other improvements to assist in driving, had been suggested in a report prepared by Hardy Ferguson for the Company and P.H. Coombs for the P.L.D. as a result of the driving agreement of 1901, in which year the study on which the report, dated January 1, 1903, was started. Complete surveys of the larger lakes and detailed studies of the two above dams were made, with supposedly accurate estimates of cost. The smaller storages were also studied and improvements suggested, but time allowed of only eyeball surveys and rough estimates. Cost per mile figures were worked out for different sections of the river, and suggestions were made for removing obstructions to improve the channel, and for an improved system of control of flow of water. The report recommended the building of a gate dam at Sourdnahunk Falls and roll dams at Debsconeag Falls and Ambajejus Falls. These improvements, it was thought,
would put the river in pretty good shape to drive more economically, with the exception of the Grand Falls -- the part of the river between the new dam on Quakish Lake and Shad Pond -- which was the most difficult place to deal with. A dam just above Shad Pond was suggested as a possibility, but it was pointed out that this would be very expensive.

It is interesting to note that the comment was made that considerably better control of river flow could be obtained by raising the dam on Millinocket Lake, and flowing this into Ambajejus, but this was not recommended, again because of excessive cost. Many years later, this scheme was revived, as we have noted.

All the work that was to be done had to be financed by the Great Northern Paper Company. In March, the Directors voted to buy all the stock of the West Branch Driving & Reservoir Dam Company for $200,000, and $50,000 was paid as a first installment. A couple of months later, this action was found to be probably illegal under the Company’s charter, and the subscription was withdrawn. The W.B.D. & R.D. Co. stock was then subscribed for by Garret Schenck, A. Ledyard Smith, Fred Gilbert and Eugene Hale, Jr., a new Company director, as individuals, and Great Northern loaned them the money to pay for it. This transaction was set up on the books of the Company as "Special Loans", which were paid off later by making the W.B.D. & R.D. stock over to Great Northern, new legislation (Chapter 30 Private and Special Laws -
Maine 1905) enabling Great Northern to buy and hold West Branch stock. Additional financing within the next few years was handled through this same procedure until the authorized stock ran out, after which money was loaned to the W.B.D. & R.D. Co. on its notes, these in turn being redeemed in stock as additional issues were authorized.

During the spring of 1903 the report of January 1st. was reviewed by Fred Gilbert and Hardy Ferguson, who commented on it in separate letters written to Garret Schenck early in June, the latter expressing the feeling that the proposed dam at Ambajejus Falls would be of no value, and work must have been started about that time all along the West Branch. In October 1903, Garret Schenck reported that in order to save money the Chesuncook Dam, which it is believed was being raised six feet at this time, was being rebuilt "in the old fashioned method of logs with stone filled in", and that while work on the new North Twin dam, which was of concrete construction, was progressing rapidly, it could not be built to the planned height because of excessive land damages. The work at North Twin does not seem to have progressed as rapidly as it could have. In February, 1904, it had been reported that it would shortly be completed "except for removal of coffer and placing gates", but in September Hardy Ferguson was making changes in design and complaining about the quality of the concrete. James Mullen explained:

"We screen it (the gravel) so as to get out the sand as much as we can, so that we can grade
it as near as possible 1-2 and 5, or perhaps it would be better to say 1 to 7. We mix the sand back again with the gravel so as to keep it as near uniform as possible .... The cobble stones that you speak of is all screened out of course. We cannot put them through the mixer. On every layer of concrete that is put in, we use up all these cobbles that have been screened, and taken from the gravel here- tofore. They are washed with a hose and dropped in by hand ... We are trying to do a first-class job in every way, and I think we will succeed in doing so as far as we go.

In regard to the sample which you say you took, would you not have found the same condition if you had taken a sample from ordinary crusher rock, and converted the dust and fine stuff into mud? I am quite sure you would have."

This dam was a gravity type structure, 994 feet long, with twenty-five eight-foot deep gates, two nine-foot shallow gates and a 24-foot log sluice. The wing on the Millinocket end was 494 feet long, and the gate section 353 feet. It endured until 1965, when it had to be replaced. At the same time as the dam was built, an old timber "runaround" which prevented water backed up by the dam from flowing over into Millinocket Lake at
Spencer's Carry was replaced by an earth dyke about 600 feet long, and several smaller dykes were built around the Elbow, just north of the dam. At this point, it might be of interest to note that the Great Northern Paper Company was a pioneer in mass concrete construction, at least in this part of the country. While the foundations of the Millinocket Mill were of stone, as was the custom, the so-called Stone Dam at Quakish Lake was built of concrete, and the buildings which were started at Madison in the aborted project of 1901-2, and the dam which was to be built there, were to have been entirely of poured concrete.

The dam at Sourdnahunk Falls on the West Branch was also built in 1903, under the W.B. D. & R.D. Co. charter. This was a timber crib structure, 233 feet long, with eight gates and a 25-foot log sluice. The proposed dam at Ambajejus Falls was never built, nor, as far as we know, was the one suggested at Debsconeag, but the program of improving the channel by blasting out obstructions and building abutments at a number of places was carried out over the next two years, the total cost, including the dams, estimated at $325,000, running to more than twice that amount.

The "excessive land damages" limiting the height of the North Twin Dam was Charles Mullen's Twin Lakes Lumber Company, sitting right in the flowage, and he seems to have been being difficult about it. Garret Schenck had been trying to buy it...
through James Rice, but admitted in September, 1904, when the dam was nearing completion, that the deal had fallen through. In December, he was authorized to pay $35,000 for it, and in February, 1905, he reported that he 'expected to close shortly with C.W. Mullen'. The purchase was made that month through a straw, Gov. William T. Haines, of Waterville, who transferred the property to the Company in December of that year. This allowed raising the level of the Lower Lakes, and the dam was raised five feet, to El. 491.92 U.S.G.S. (483.7 Great Northern), starting in the fall of 1906. This seems to have been a temporary job, as additional concrete and dyke work was done in 1912 and 1915 to raise the dam permanently to the originally intended head.

There is a Job Record on the work done on the dam itself at that time, which reads: "Complete North Twin Dam. Raise top of concrete work to El. 407 as originally planned. New concrete log sluice, replacing timber. Widen deck." This seems clear, but from the writer's observation of the old concrete dam, which was replaced in the 1960's, it was impossible to tell whether the crest had been raised, or whether the piers had been heightened and the gates lengthened. However much the deck may have been widened, it was not enough. This dam was nearly all gates, and the hoists, located on the deck, were cast iron rack and hand operated gear affairs. This deck was the only passage across the West Branch in that area, except for the railroad bridge. In 1915, the traffic was all horse-drawn vehicles, and the deck may have
been wide enough for these, but later, when cars and trucks began to cross, the drivers had to be cold sober, as the clearance between any vehicle, the guard rail on the down-river side and the gate hoists on the upper side was inches, and replacing broken gate hoists became a steady maintenance job.

With a rapidly-growing market, tariff protection and a firm belief in the advantage of Great Northern's cost position over that of the Trust, Garret Schenck was expansion-minded from the start. In the summer of 1901, plans and estimates were made for a four-machine extension at the Millinocket mill, at a cost of some $650,000. This project would appear to have been superseded by the more ambitious scheme for a new six-machine mill at Madison, which we have discussed, and which, had it been completed, would have practically doubled the Company's production. This job had been scrubbed, for reasons which, as we have said, we have only been able to guess at.

However, no sooner had the West Branch bill, enabling the Company to develop more storage and control the flow of that river, with a probable increase in the amount of power available been passed, than Garret Schenck instructed Hardy Ferguson to make another study of an increase in the capacity of the Millinocket plant. The latter was cautious. On June 3, 1903, he wrote:

"In accordance with your recent request, I beg to submit the following opinions regarding the advisability
of increasing the production of the Millinocket plant by the addition of more paper machines.

The improvements contemplated by the West Branch Driving & Reservoir Dam Co. include the raising of the North Twin Lake system 5' and the Chesuncook system 6' .... According to the present programme, it does not appear probable that these improvements will be entirely completed before the summer of 1905 ....

I think that the improvements which are to be made will make a ten machine mill at this place reasonably safe against considerable periods of low water, but I do not think that more than 10 paper machines should ever be contemplated at this place...

It has been suggested that one more machine to make wrapping papers for part of the time and newspaper during the rest of the time be added for the present. As the daily production of such a machine would be at least 30 tons, only six of which would be required for furnishing wrappers to this mill, we would need to provide an additional ground wood supply of approximately 20 tons per day for making the newspaper. It is my opinion that this could be done....by storing ground wood pulp.
This is as much increase in production as should be made until all of the contemplated improvements in the West Branch are finished. I think, however, that it would be more conservative to postpone the installation of the tenth machine for a year or more after the river improvements are completed. ...(as) it is largely a matter of judgment as to how much water we can save in driving logs by reason of the channel improvements....

I would therefore recommend that not more than one machine be added for the present; that machine to run on wrapping papers as much as possible.... also that before the tenth machine is added, all of the contemplated improvements should be completed and preferably tested for a year or more in order to prove the reliability of the water power and our estimates of its capacity".

With this letter was an estimate for the addition of (a) two 162-inch news machines, and (b) these two news machines plus a 90-inch wrapper machine. However, in spite of Garret Schenck's obvious eagerness, no action was taken at this time, on either news or wrapper machines, as in October Hardy Ferguson made another report in which he concluded that the addition of more grinder capacity at Millinocket would not be advisable until still more water storage could be obtained by raising the level of the Lower Lakes to the elevation planned, and adding still more to the height of the dam at Chesuncook. Except for speed-
ups, no further expansion was undertaken until 1906, when work was started on the East Millinocket mill. The preliminaries leading up to the construction of this plant, which will be discussed later, might indicate that this contemplated 1903 expansion was held up not so much by Hardy Ferguson's faint enthusiasm as by unwillingness on the part of the financial people to spend any more money at that time.

Between 1903 and 1908, Col. O.H. Payne had loaned the Company, on its notes, another $2,000,000. In addition, between 1905 and July, 1907, he had advanced, against the cost of the construction at East Millinocket, a total of $1,800,000, covered only by entries in the minutes of the Board of Directors. Early in November, 1908, the Executive Committee recommended to the Directors and the stockholders that another bond issue of $3,500,000 be put out "to finance the floating debt and to provide working capital." The necessity of such action had been apparent for some time, but it would seem that conditions were still not right, as no action was taken.

During this period there are several references to the Millinocket development being of greater scope than originally planned. We do not know just why this was, as the Northern Development Company prospectus talked of a mill as large as 300 tons a day. Perhaps it goes back to Garret Schenck's earlier 175 ton figure. Anyway, the fact that the Millinocket mill, the North Twin Dam, the river improvements and the East Millinocket
mill all cost much more than estimated did not make the New York people happy, and Garret Schenck was obliged to defend himself. On October 10, 1907, in a long letter to Payne Whitney, marked for personal attention, he wrote:

"I feel very keenly the feeling regarding the expenditure at our new mill.... and I want to place the thing before you as I regard it.

Is it the question of our large expenditure on our Lower Mills that should call forth criticism, if it is believed by my associates that the money has been well spent, the Company receiving one hundred cents on a dollar, and earning capacity for its equivalent?

Would my associates -- Colonel Payne was in Europe -- had I been able to get them together when I found it impracticable to continue as originally planned have instructed me to stop work or continue?

We all know that we had taken large contracts, based on building a mill, that we could not fill without a mill, except at great loss, by buying the paper in the open market, the loss on which in one month was more than $16,000 -- and then only a part of what we were under future obligation to deliver was purchased.

In addition to this, we had lost by the shutting down of our mill to a six day time approximately 10,000 tons of product per year.
And I had placed large contracts, amounting to hundreds of thousands of dollars for materials and machinery, etc.

Now, if my associates can honestly say that, had they been consulted, they would have instructed me to discontinue work, then I freely admit severe criticism would be in order. Otherwise, I did in this case only what I have been doing for the last eight years in the development of our properties.

Our Millinocket mill cost some $1,600,000 more than planned, but we got more; and no one, I believe, will say that our Millinocket plant is not a low cost development, and the lowest in cost of manufacturing paper in the country.

Our water storage development, we believed would cost us about $300,000. We have spent more than $700,000 -- but we did more. And everyone familiar with conditions will, I know, agree that this expenditure was worth all it cost us, and will pay us a big interest, when the loss accounts of the drouths of 1901, 1903 and 1905 are considered.

And so it was with our new mill. We started for a mill of about 135 tons daily, and, conditions I could not control forced a change. As a result, we have a property that will support more than 200 tons daily of manufactured paper, instead of 135 tons, and, rounded out,
it will be as low priced per ton as any mill built since our big Millinocket plant.

If I had spent one hundred cents and got less than sixty in return .... I should feel that I had a pretty bad showing. And I have certainly got one hundred cents on the dollar for our expenditures, but I did fail to get one hundred cents for sixty."

The immediate cause of this criticism would seem to have been Garret Schenck's decisions in connection with the East Millinocket development. As he says, he did what he thought he had to do, and damn the expense. He went on to make a comparison of capital investment vs. production for several mills recently constructed by other companies, and then said:

"Some time in the future -- perhaps not far ahead, the opportunity for the disposal of bonds on the right basis will come, at which time I think we can take advantage of the situation and fund our debt by a scheme I will get in shape...."

Mention of the loss of 10,000 tons of production a year refers to agreement with the unions to eliminate Sunday operation of paper machines. At the end of this letter, he noted that he believed that labor matters were well in hand. He was wrong about that.

Any attempt to further detail the borrowing of money during
these early years would probably be as boring as the situation was complicated. Until 1910, a fabric of bank and private loans was being sustained, in addition to the loans from Col. O.H. Payne and the sinking fund on the 1902 bond issue, and notes were still being issued to suppliers. In 1904, small amounts were borrowed from the Interlake Paper Company. In 1907, the Treasurer was authorized to issue notes of not less than $5,000 to any creditors who would accept them, and in 1908 he was having trouble getting extensions of notes coming due, some of which had been sold to banks by private lenders. After the 1910 bond issue, there was a period of seven or eight years when the need for cash eased, and most of the borrowing was from Col. O.H. Payne's Northern Finance Corporation, much of it for the purpose of buying timberland. This activity will be examined in another place. The Company does not seem to have gone to the banks again for any great amount of money until 1917, when, upon Col. Payne's death, loans totalling $1,500,000 were raised with which to pay off Northern Finance. There was additional borrowing during the next few years, including, for some unknown reason, $25,000 each from Garret Schenck and William A. Whitcomb, mentioned earlier in our story, who, under circumstances which will be explained later, had become General Manager of the Great Northern Paper Company. This was in 1918. In September, 1924, bank loans totalling $1,500,000 were outstanding, but these were all retired in January, 1925. This borrowing between 1910 and 1924 would seem to have been a matter of policy rather than necessity, as will be seen from the
earnings and dividend records of that period, which will be noted a little later. Further money, as much as $1,000,000, was hired from time to time from the Guaranty Trust Company, up to 1929, mostly to finance pulpwood operations, after which there was no more borrowing until the 1950's. The issuance of notes for the purchase of timberland, however, continued to be common practice, partly as a cash conservation measure, and later often in consideration of the seller's tax situation.

R. Somers Hayes resigned from the Executive Committee in 1902, giving place to Commodore Ledyard. However, the following year the number of members was raised to five; Capt. Hayes went back on, and the new member was Payne Whitney. There was no change in the Board of Directors until 1906, when Capt. Hayes, who had died the previous year, was succeeded by Eugene Hale, Jr. This is another man about whom little information seems to be available, except that he was a New York broker, and we believe the son of the famous Senator from Maine, a national political figure in the twenty years from 1890 to 1910. After the election of Eugene Hale, Jr., there was no further change in the Board of Directors until 1911. J. Sanford Barnes replaced Capt. Hayes on the Executive Committee, and again there was no further change until 1911.

Col. O.H. Payne had been getting interest at 4% on most of the $1,800,000 for which he had no notes, and 5% on the rest. On November 10, 1909, the Company gave him two demand notes, one
for $1,640,000 and one for $160,000, at 4% and 5% respectively. Notice was then put out of a special meeting of stockholders to vote on increasing the capital stock from $5,000,000 to $6,000,000; another 10,000 shares, and to issue another $3,000,000 in second mortgage bonds. Both stock and bonds were to be offered to existing stockholders at the rate of one share of the new stock for each five shares held, and $3,000 worth of bonds for each fifty shares of stock, but the notice stated:

"One of the Directors of the Company (Col. O.H. Payne, of course) has agreed to take, upon the terms and without any commission or discount, whatever amount of such additional stock and of such bonds stockholders shall fail to subscribe for."

There were only 69 names on the list of stockholders at this time, and 25 of these held less than 100 shares each. Only four shareholders, Garret Schenck, A. Ledyard Smith, William B. Dillon and our old friend Samuel R. Prentiss, who owned one share from the Northern Development Company days, attended this meeting, which was held on November 29th. The vote on the increase in capitalization, in person or by proxy, was 42,326 in favor and one opposed, the negative vote being cast by guess who. A favorable vote on the bond issue was unanimous.

The Guaranty Trust Company had in 1905 resigned as Trustee for the 1902 bond issue, and it had been taken over by the
Knickerbocker Trust Company. The Guaranty Trust Company, however, was again Trustee for this new issue, dated January 1, 1910 -- twenty year bonds at 5%. The intention was quite obvious. The stockholders in general took only $25,000 worth of the bonds, the remainder, $2,975,000, going to Col. O. H. Payne against his unsecured loans. This, along with greater part of the new stock and cash payments totalling some $250,000 over the next two or three years seem to have cancelled out all of the Company's notes held by him personally.

A financial expert might make something else out of it, but the sequence of events in these early years raises the question as to why more stock was not issued, and the thought that Col. O.H. Payne may have been more interested in return than in equity. In November 1909, he and those who can definitely be associated with him held nearly 4/5 of the 50,000 shares of stock out, so that dilution, as far as they were concerned, could hardly have been a factor. They had, through their representation on the Board of Directors, voted themselves almost $1,000,000 in dividends -- not a large yield, to be sure, but more pay-out than would seem to have been prudent with the Company borrowing money right and left at 5%. It would also seem to be indicated that Col. Payne had not intended to get sucked in so deeply; that there was a period when he expected Garret Schenck to go find some money somewhere else and that he was pretty hard-nosed about his investment. The complexion of the Executive Committee
changed promptly when it began to appear that there was no somewhere else. Outside of the one loan at 4%, he got his 5% on every dollar he put up. He did, in 1905, offer to let the Company defer payment to him of a declared dividend if they would give him 4% on the amount until he demanded payment or until the Company was ready to pay. The Company's action on this is not recorded. This is not to take anything away from Col. Payne. He came to bat in the pinches, and in one way or another provided most of the money that built the old Great Northern and started it on his way, but philanthropy and all, he was a hard-headed man of finance, one of those who helped to create the cartoon image of the bloated, silk-hatted financier with dollar signs on his vest.

It is clear that almost all of the money borrowed in this period went into capital improvements, expansion and the acquisition of additional timberlands. By 1910, the new North Twin and Chesuncook dams had been built, the Fast Millinocket mill was in production, and timberland ownership had been increased to 665,600 acres. As Samuel R. Prentiss had predicted, the fact of Great Northern had brought land into the market, and the Company had taken advantage of the opportunities.

It would be hard to say how much paper was produced in 1899; not much, as the Madison mill had not started up until November, and had been troubled by low water. Perhaps 1,000 tons or so was made. There does not seem to be any complete figure for the
year 1900 either, but an estimate of 17,000 or 18,000 tons -- possibly 13,000 at Madison and 4,000 or 5,000 tons at Millinocket cannot be far wrong. Thereafter, in this period, production figures would indicate that the mills ran at near capacity, and output was pushed up steadily. While for some years Great Northern was starved for cash, or perhaps it would be more correct to say that it could not generate enough cash to carry out its ambitious programs, it began to make money immediately, showing a loss in only one year through 1909; the only time in its history, in fact, when it has shown red ink for any year. The record follows.

Present-day earnings comparisons require adjustments for prior years to compensate for different amounts of stock outstanding. However, at any particular point in time a share is a share is a share. Except for very short periods, the old Company never had more than a few hundred shares of treasury stock, and except as it may be explained otherwise, earnings per share given in this story will be for stock authorized, with a little rounding. Technical adjustments in some of the later years may throw the figures from year to year off a little, but they will not be far wrong. Of course, the market price of the stock has to be known for the figures to be really meaningful. Such information was scarce in the early days, but we will supply it where it is available.

<table>
<thead>
<tr>
<th>YEAR</th>
<th>PRODUCTION TONS</th>
<th>EARNINGS</th>
<th>EARNINGS PER SHARE</th>
<th>NO. SHARES</th>
</tr>
</thead>
<tbody>
<tr>
<td>1899 Est. 1,000</td>
<td>$ --</td>
<td>$ --</td>
<td>--</td>
<td></td>
</tr>
<tr>
<td>1900 Est. 17,000</td>
<td>101,194</td>
<td>4.95</td>
<td>20,400</td>
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Yesterday - 66
<table>
<thead>
<tr>
<th>Year</th>
<th>Tonnage</th>
<th>Revenue</th>
<th>Earnings</th>
<th>Dividend</th>
</tr>
</thead>
<tbody>
<tr>
<td>1901</td>
<td>76,149</td>
<td>482,361</td>
<td>9.64</td>
<td>50,000</td>
</tr>
<tr>
<td>1902</td>
<td>85,597</td>
<td>672,290</td>
<td>13.44</td>
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</tr>
<tr>
<td>1903</td>
<td>85,623</td>
<td>262,052</td>
<td>4.10</td>
<td>&quot;</td>
</tr>
<tr>
<td>1904</td>
<td>89,451</td>
<td>(20,991)</td>
<td>(.42)</td>
<td>&quot;</td>
</tr>
<tr>
<td>1905</td>
<td>100,725</td>
<td>715,791</td>
<td>14.31</td>
<td>&quot;</td>
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<tr>
<td>1906</td>
<td>104,159</td>
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<tr>
<td>1907</td>
<td>107,500</td>
<td>613,953</td>
<td>12.28</td>
<td>&quot;</td>
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<tr>
<td>1908</td>
<td>118,160</td>
<td>446,879</td>
<td>8.81</td>
<td>&quot;</td>
</tr>
<tr>
<td>1909</td>
<td>149,715</td>
<td>743,086</td>
<td>14.86</td>
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The figure for the year 1900 is actually for 14 months beginning November 1, 1899. Common and preferred stock have been treated as all common for the year 1900. After that there was no more preferred for more than fifty years. The year 1903 would seem to have benefitted from price increases, quickly offset by rising costs, 1904 being a low water year, with both mills buying groundwood. There is a distortion in both production and earnings in 1908, due to the startup of East Millinocket late in 1907, the change in that year to six-day operation of paper machines, and labor trouble, which will be examined in another place, in 1908. There was no Federal tax on income until 1909, and the earnings for that year are after a Federal tax of 1 percent, on all earnings. In the wisdom of the Board of Directors, dividends were paid in four of these years -- $6.00 per share in 1903 and 1906, and $4.50 per share in 1905 and 1907.

The Company's sales campaign in the early years must have been formidable. Most of its new tonnage had to be taken away
from the International Paper Company, already established, and it was tough competition. In the final analysis, business had to be obtained on a price basis, and Great Northern with its big low-cost mill was able to offer concessions, and it did, and it got all the business it could handle, with Madison shifted to the production of manila paper in 1904. Apart from price concessions, it used other arguments. Witness and testimony of General Felix Agnus, Publisher of the Baltimore American, before the Mann Committee of the House of Representatives on April 30, 1908:

GENERAL AGNUS: "When I made my contract with the Great Northern Paper Company they were so anxious to get me that they wined me and dined me and did everything on earth for me. Of course, I am a very moderate man, so that I did not allow any abuse. But, Mr. Chairman, they told me they could give me all the paper I wanted at that price and there would not be any change. They told me, for example, almost, that they owned the earth, and had a fence around it. (Laughter); that when they commenced to cut wood at one end it would take them twenty years to get to the other end, and by that time this twenty years' growth would be up again, and they could keep going around like a wheel. (Laughter). They really
had the world in a sling, and there was nothing on earth that could defeat them in any shape, way or manner." (Laughter)

THE CHAIRMAN: "Did you believe all this?"

GENERAL AGNUS: "I merely listened to them. They were a responsible firm, and I signed a contract with them for five years, and for five years they supplied me with very unsatisfactory material, but nevertheless I think they will tell you that themselves. They had a tract of land from the Northwest (sic) somewhere, away into Canada, that could not be beaten. They had the water power and the facilities, by Jove, to raise the wind, you might say, but they kept at it and at it until the first thing I knew my material was so bad that I appealed to the International Paper Company to help me out, and they did."

It should be pointed out that General Agnus' trouble was that he had shifted from International Paper Company to Great Northern on the basis of a $40.00 price, sidewalk, on January 1, 1901, but had gone back again to I.P. on a cut to $38.00 in the fall of 1905. When they tried to raise their price to $50.00 in the summer of 1907, he had made efforts to get some more of Great Northern's "unsatisfactory material," but William
B. Dillon had told him what he could do with his business.

During this same investigation, the New York Tribune furnished a tabulation of prices which they had paid for newsprint, delivered in New York, and this was used in 1946 by the Newsprint Service Bureau as being representative.

<table>
<thead>
<tr>
<th>Delivered New York</th>
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<tr>
<td>1899-1901</td>
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<tr>
<td>1902</td>
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<tr>
<td>1903</td>
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<td>1904-1907</td>
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<tr>
<td>1908</td>
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<tr>
<td>1909</td>
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The tabulation does not show the situation clearly. On the face of it, a rather stable situation in the industry is indicated. Actually, it was highly fluid. In 1899, at about the time the Millinocket mill was being built, the General Paper Company, a sales combine of 26 mills in Wisconsin, Michigan and Minnesota had been put together in an effort to compete with the International Paper Company. The big city publishers, led by Don C. Seitz of the New York World and John Norris, Business Manager of the New York World at that time and of the New York Times starting in 1900, were watching these "trusts," which they conceived to be highly inimical to their interests, like a cat at a mouse hole. In
1910, the number of United States companies making newsprint was down to 65, and they were operating 80 mills, but many of these were much larger than they had been ten years before. The Canadian industry was still insignificant, with still only 13 or 14 mills, the largest, that of the Laurentide Pulp & Paper Company at Grand' Mere, P.Q., making only 70 tons a day, and only a very small amount of newsprint was being exported to the United States, where it was faced with a substantial import tariff. Information on the number of mills is from Royal S. Kellogg's "Newsprint Paper In North America" (1946), and is the best available. However, this report is known to contain errors.

Domestic consumption of newsprint in 1900 was 608,700 tons, and was rising rapidly, nearly doubling in the first ten years of the century.

<table>
<thead>
<tr>
<th>U.S. Consumption</th>
<th>Tons</th>
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<tr>
<td>1901</td>
<td>678,900</td>
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<tr>
<td>1902</td>
<td>712,400</td>
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<td>1903</td>
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<td>1904</td>
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<td>1,046,800</td>
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<tr>
<td>1909</td>
<td>1,119,400</td>
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Following the break caused by the Company's entry into the market in 1900, prices rose only a little, under pressure of rising costs, but were restrained largely by Great Northern's
sales policy until late 1903, when International put out a substantial increase. This set off a government investigation, fueled by the publishers, which resulted, within the next few years, in the end of the General Paper Company. The higher prices of 1903 lasted only into the summer of 1904, in spite of large percentage increases in consumption, and were weak into 1906, held down by a high operating level and the sale of expanded production from existing mills and the new mill of the St. Croix Paper Company, at Woodland, Maine, which started up in 1906. Then demand caught up with supply, and in the summer of 1907 International announced a spectacular price rise to $50.00 a ton, this being followed a little later by most of the independent mills, including Great Northern. This increase was wiped out by the business panic of October, 1907, but contracts had been made at prices which outraged the publishers, and they reopened and intensified the campaign which was to end up in the removal of the duties on newsprint, with far-reaching effects on the industry. Right in the middle of all this, the Company launched into its first real expansion, with the construction of the Fast Millinocket mill.

Garret Schenck was convinced of the potential of the West Branch, and he had demonstrated the advantages that operations in this area gave him over his competitors. With newsprint consumption still continuing to increase, good water powers close to wood supply, where additional newsprint could be produced,
were getting scarce in the northeast. There was yet no Canadian industry. He must have felt that his independent position versus the Trust was a strong selling point, and that there was an opportunity right at this time to take advantage of two other things -- the sales momentum generated by the new Company and the fact that the Bangor & Aroostook Railroad was about to build a rail connection to a year-round deep water port. We are talking now about Garret Schenck, rather than the Great Northern Paper Company as represented by its Board of Directors, because, looking back to the expansion studies of 1901, the uncertain move at Madison in that year, and his unacted-upon proposition of 1903, he seems, early in 1905, to have come to the point where he intended to make more paper, one way or another, and had selected a site for a mill separate from the Millinocket plant, on land and power not owned or controlled by Great Northern, so that if the Directors again did not choose to authorize an expansion at Millinocket, he could go ahead on, his own if necessary, as will be seen.

Coastwise water shipment was of course a big factor in transportation in those days. The Company had not been able to avail itself of this to any extent, not only because Bangor and Bucksport, the only ports, were frozen up a good part of the time, but because part of the advantage would have been lost by the fact of joint rates with the Maine Central into Bangor. At that time, the Bangor & Aroostook ran through Lagrange, and connected with the Maine Central at Old Town. The proposition of a direct line from
Northern Maine points to a good port had been kicking around for a great many years, and had come to a head at about this point. Franklin W. Cram, now President of the Bangor & Aroostook, had great dreams. He was convinced that such a line, which could arrange its own rates to tidewater with its customers, would bring about a big industrial expansion along its route. At this time a great amount of lumber, made from Maine logs driven down the St. John River, was being shipped from the port of St. John, N.B., and he envisioned much of this trade being diverted to the new port. He also saw vastly increased shipments of agricultural produce, especially potatoes, from Aroostook County, and he had a more direct reason -- freight saving on coal for his own line. On May 3, 1904, he wrote to Garret Schenck:

"I am glad to have your inquiry... in regard to the mooted Seaport Railroad, but embarrassed to know how to satisfactorily reply, since those objecting to the taking out of the charter object to its being generally known that they object, so I am informed.

I can well understand why you see great benefit to the Millinocket plant if the extension as planned... is built, but the chief reasons for planning the road are that our own coal is costing an average of $1.25 to $1.50 per ton more than it would if we were in direct touch with an all-the-year-round open harbor...."

As he said, he was meeting with opposition. In another
letter, dated March 10, 1908, discussing freight rates, he wrote:

"Nobody but Mr. Chaplin was told of the proposed harbor development until 1903. In 1904, the plan for, and purpose of, a direct route from Penobscot Bay was laid before the President of the Boston & Maine in writing... It was too bad that the Boston & Maine, at first accepting the truth, was led into error by the 'thousand and one' people who had it 'in for them' as they have for most any and every railroad..."

Disregarding the opposition, he proceeded on his own. The Northern Maine Seaport Railroad Co. was organized in 1905, to build a line from South Lagrange through Hermon to Searsport, with a terminal at Stockton (Cape Jellison). The road was constructed in 1906, after considerable difficulty with the Maine Central about connections at what was to become Northern Maine Junction, and about rates under the new set-up, and became the Northern Maine Seaport Branch of the B. & A. upon completion. Just about the time that work was due to start, Frederick A. Greenwood, Isaac B. Wood and Joseph A. Lobley of Mattawamkeag; Artemus Weatherbee of Lincoln and Nason Ingalls of Woodville formed the Mattawamkeag & Northern Railroad Company, for the purpose of building a line from Millinocket down the river to connect with the Maine Central at Mattawamkeag. There is no background for this development, but it is presumed that they hoped to offer an alternate to the Bangor & Aroostook monopoly of Great Northern business. Garret Schenck does not seem to have been excited about it. On May 9, 1906, the day before
the charter is dated, he wrote to F.W. Cram:

"The enclosed clipping appeared in Boston papers. Don't understand just what this means. Supposed that the Mattawamkeag people had to have a hearing before any location was granted, etc.

As your location to Medway has been granted, as I understand it, why should the Commissioners grant a competing road a charter where public interest does not require it?"

Great Northern later acquired this company, and the road was never built. The development will be examined at more length in another place.

The new branch never did do what F.W. Cram had expected. Potatoes froze in the storage houses built at the terminal, and they were used only one year. The wharves later burned, and the abutments and piers of the bridges on the new branch, built for double track, never saw anything but a single set of rails laid. However, this was in the future, and Garret Schenck, seeing water shipment as a weapon against the Maine Central, the Boston & Maine and other roads which he did not think had been as cooperative as they should have been, had moved quickly.

There is a certain amount of obscurity about the manner in which the East Millinocket project developed, but it will be
examined in the light of the best information available.

Power was of course the first consideration, and it would seem that after Hardy Ferguson had in 1903 turned down the idea of expanding production at Millinocket until more water storage could be provided, Garret Schenck had him turn his attention to the river below the Grand Falls, where more power could be developed by using the water over again without additional storage.

Between Shad Pond, which was in effect the tailwater of the Millinocket power and the junction of the East and West Branches at Medway there were a series of rapids -- Jerry Brook Rips, Shingle Camp Rips, Ledge Falls (just below the Rice Farm), Dolby Rips, Rocky Rips, Burnt Land Rips, Waite Rips, Rockabema Rips and Reed's Rips -- a total fall of something over 80 feet; and there was the 39 feet of head further down the main river at Mattaceunk Rips, then in process of being acquired by Charles Mullen. All these were undeveloped, and there were any number of possibilities.

There is in existence a summary of a study, which is undated, but from its content could have been made in this period. However, as we will see, it could also have been made considerably later. It suggested a number of schemes for power development in the following order:

1. A combination of a low dam (Head 21 ft.) at Burnt Land Rips, and a high dam (Head 50 ft.) at Dolby Rips, flowing out everything back to Shad Pond.
2. A dam at Burnt Land Rips (Head 45 ft.) and another at Ledge Falls (Head 33 ft.)

3. A high dam at Dolby (Head 50 ft.) and a future development at Medway with a head of 35 ft., indicating that it would have been on Reed's Rips.

The power at Mattaceunk was not considered in this study, and curiously, in view of what was actually done, the second and third proposals were stated to be the most attractive, although it was pointed out that the land which would be flowed by a high dam at Dolby was mostly owned by the Cassidy and Webber interests, and that damages "would have to be adjusted by the courts". Whether or not this study had been made before February, 1905, attention had been focused on Ledge Falls.

On February 15, 1905, signing himself as President of the Great Northern Paper Company, Garret Schenck wrote a proposal to F.W. Cram:

"With the full consent and approval of the Great Northern Paper Company a mill is to be built on the West Branch of the Penobscot in the west half of Township A Range 7, some miles below the mill now in operation at Millinocket, and it is of importance not only that early construction of tracks from connection with the Bangor & Aroostook to site for the mill be assured.... but that ... there may be a convenient switch service between the present
(Millinocket) mill and the new mill, that they may be worked in conjunction, and that supplies -- particularly timber -- may be distributed, as occasion shall arise, between the two mills ........

The Great Northern Paper Company and Garret Schenck for himself if he builds such new mills and for whomsoever shall build such new mill if he does not build it, by this agree, that if the Bangor & Aroostook Railroad Company will enter upon the track construction and operation to serve the proposed mill, and accessories, and if also it will agree that all rates, on its own road, and so far as it controls, rates on other transportation lines, shall never exceed the present rates to and from the Millinocket mill, the Great Northern Paper Company and said Schenck for himself and his assigns, owners of any such new mill or mills will, and hereby do agree, that no freight of whatsoever nature for or from the Millinocket mill and the proposed new mill and any other mills and accessories in that vicinity controlled by them shall be shipped by other than the Bangor & Aroostook Railroad.

It is recognized that, from time to time, the Great Northern Paper Company and the owners of the new mill or mills may find it convenient to use the water route to and from Stockton Harbor and the Railroad Company
is to agree that the freight charge to and from Stockton Harbor shall be the same as now in force from the Millinocket mill to and from Bangor ....

It is agreed that the Bangor & Aroostook Railroad Company ..... may apply for rights to enable it to extend beyond the said site to touch with the East Branch of the Penobscot River, in order that, if at any time desired, the Great Northern Paper Company and the owners of the new mill or mills and the Bangor & Aroostook Railroad Company may be in position to arrange terms for moving logs from the East Branch to all said mills ....."

There are some interesting things about freight rates in this proposal, which we will skip over for the time being. One might conclude from it, however, that at that time there had been a firm decision that a new pulp and paper mill would be built in the west half of T.A, R.7, the location of Ledge Falls, by the Company or by Garret Schenck and people associated with him. This was not exactly the situation.

It seems quite clear that Garret Schenck was convinced that the market was ready for more production -- 135 tons a day was his initial goal -- and that he had himself reached the conclusion that this would have to be made in a new mill which he was going to build one way or another. It would also appear that Col. O.H. Payne was willing to put up the money, but wanted it to go into expansion of existing Great Northern
mills, and he wanted further thought given to the matter.

Several studies were made by Hardy Ferguson during the summer of 1905, presenting three alternative schemes, with options within the alternatives.

1. A dam at Ledge Falls to develop 32 feet of head with (a) a 100-ton grinder room with a wood room and a 24-inch pipeline to the Millinocket mill, or (b) a 6500 H.P. hydro-electric station and transmission line to Millinocket to provide power for 12 more grinders.

Under this scheme the Millinocket machine room was to be extended; a fourth digester and two additional paper machines were to be installed; and a paper storehouse was to be built. Twelve more grinders were to be put in if the Ledge Falls development took the form of a hydro-electric station. This scheme was estimated to cost roughly $1,000,000 either way.

2. Completion of the abandoned dam and grinder room on the lower falls at Madison and the construction of a three-machine paper mill there. It would have been possible to put in three machines because the head available was 43 or 44 feet, as compared with 32 feet at Ledge Falls, and the flow of the river was greater. The estimated cost of this job, not including what had already been spent, was about $1,400,000.
3. The development of 28 ft. of head by a dam at Mattaceunk, and the construction there of a two-machine paper mill at an estimated cost of $975,000.

This study is undated, but two sketches of alternate locations for the proposed paper storehouse, which accompany it, are dated September 2, 1905.

Any development at Mattaceunk appears to have been ditched at once as being too limited. The consideration of expansion at Madison would seem to have been at the instigation of Col. O.H. Payne, who probably had in mind salvaging the expenditure already made there. However, Garret Schenck did not feel that this was the place to go, as it would not allow of taking advantage of favorable freight rates to a deep water port. Study was continued on the possibilities of Ledge Falls, probably because this site presented almost no problem of flowage, and turned in the direction of a complete new paper mill at that location, rather than a groundwood mill or power plant as an adjunct to Millinocket. In the course of these studies, a plan to increase the available head to 42 feet by some means involving the construction of a canal, on which we have no detail, was worked out, and an estimated cost of $1,655,000 was arrived at for a two-machine mill.

This is where the matter stood when Garret Schenck wrote again to F.W. Cram on November 3, 1905, and we quote this letter in full:
"Confirming telephone conversation.

In order to push the matter along that I wanted to present to Colonel Payne, I telephoned you today in regard to the question of railroading, provided we build a mill at Ledge Falls, which is about 4-1/2 to 5 miles below our present Millinocket mill.

I want to show the Colonel that we can enter into a contract with you by which you will handle our merchandise in and out at rates not exceeding our present rates, and that you will give us facilities, in the way of spur and sidings, and that sort of thing, the same at the new and proposed outfit that you have at Millinocket.

I want you to lay a great deal of stress on anything you can to show the benefits of our expansion in this direction, as I think, as the matter stands at present, the Colonel is quite disposed to develop at Madison, owing to the fact that we have such a large development already there in the way of partially developed water power, although he is very willing to be convinced that some other place is for the best interest of the Company if it can be shown to be so.

I should like to have this as soon as you can consistently push it up to me, and oblige."

There are several points of interest in this. To begin with, it indicates that some time during the year it had been
decided that any new mill built on the West Branch would be owned by the Company, not by Garret Schenck or "whomsoever"; next, it solicits the help of the Bangor & Aroostook, through its rate structure, in convincing Col. O.H. Payne that Madison, on the Maine Central, was not the place to expand, and lastly is Garret Schenck's fascinating proposal, and here we refer also to his proposition of February 15th, that freight rates to and from the new mill would never be higher than the then existing rates to and from Millinocket, in return for which he guaranteed the Bangor & Aroostook all the business from both mills in perpetuity.

Some time before February, 1906, Col. O.H. Payne, if he needed convincing, had been converted to expansion on the West Branch in the form of a new mill, and moves to acquire the necessary property were already under way. On February 3, 1906, F.W. Cram wrote:

"Mr. Chaplin (his attorney) tells me some progress is being made in land matters and that he may be able to say 'go', as to surveying, within a week.

As the attitude of the Maine Central.... does not change 'a little bit', and as they have now said, flat-footed, they will neither provide interchange tracks at Hermon nor take less to and from there than from Old Town, it will, and it ought, be required by our Directors that we shall not move to build the
proposed spur until a contract is executed to insure to the B&A all the tonnage to and from the new plant. I don't know whether to be built by the Great Northern or under some other title; anyway, will you, or shall I, have draft to cover the point as above prepared?"

Garret Schenck suggested that the B&A draft the contract. Thereupon, F.W. Cram said that he first wanted agreement on a higher rate to Stockton Harbor than to Bangor, on account of the cost of the new spur, and of the additional rolling stock that would be required. This would seem to have been settled promptly, and a contract was drawn, but instead of accepting it, Garret Schenck wrote, on February 15, 1906, another proposal, which has not been found. There are several references to the terms of it, however, and these indicate that it was in practically the same form as the one made exactly a year before, with the location of the mill changed.

Before this date, it had been decided to move the site of the proposed new mill several miles further down-river, to Burnt Land Rips, in the east half of T.A, R.7, which it may be recalled was one of the power sites considered in the study mentioned earlier, and which it is entirely possible was not made as early as we have suggested.

Looking back at this study, it is easy to see why Garret Schenck made the change. There was not enough power at Ledge Falls for an expandable three-machine mill, which is what he
had in mind, and had a dam been constructed there the full potential of the head from Burnt Land Rips to Shad Pond could not have been realized without building two more. However, he does not seem to have aired at this time the concept of developing all this head.

Township A, Range 7, was mostly wooded. It had been divided in 1900, the east half, on both sides of the river, with certain lots excluded, to Frank H. Holyoke and the west half to John Cassidy, Charles F. Webber and Franklin P. Webber. Little Schoodic Stream, which now runs into the head of Schoodic Flowage, came into the West Branch from the north just east of the dividing line, about half a mile above where the Dolby dam was built. On the west side of this stream, at its mouth, was a farm property of several hundred acres, cleared and occupied in the 1830's by "Uncle George" McCauslin, famous as Thoreau's guide on his West Branch trip. At this time, about 100 acres of it was occupied by Charles T. Powers, who had moved there after selling his farm at Millinocket to the Company, and was in his wife's name. On the east side of the stream, also at its mouth, was another farm of 200 acres, owned by John Powers. This property, incidentally, was originally owned by Thomas Fowler, Jr., son of the Thomas Fowler who had established the Powers farm at Millinocket. At Burnt Land Rips, as far as is known, there was nothing but the country road, better than the old tote road, but not much, which by this time had been built up along the West Branch from Medway to Millinocket, crossing the East Branch by a ferry just
above the junction of the two rivers, there being no bridge there until about 1909. On the north shore of the West Branch, not far below Shad Pond, was a 70-acre lot, where there was a small clearing and the remains of an old camp or farmstead. This was owned at this time by James Rice. In the available correspondence and records of this period in the Company's files, from this point on, there is, as far as the discussion of the Fast Millinocket development goes, no individual identification of the various rapids below Ledge Falls, the whole drop apparently being considered as Burnt Land Rips.

On April 11, 1906, the Directors of the Great Northern Paper Company voted approval of the purchase of "Burnt Land Rips", and authorized the President to buy such additional land as would be needed for the mill site. These purchases were to be made in the name of Garret Schenck, Payne Whitney and Commodore Ledyard, as Trustees, the title to remain in their names until such time as by advice of counsel it could be transferred to the Company. No one has been found willing to venture a technical explanation for this arrangement, but we will make a guess. The Northern Development Company's charter, which had become Great Northern's, gave the Company the right to operate plants only in the two Indian Townships. An act of the Legislature would have been required to allow it to build a mill on Township A, Range 7, and there was no session in 1906. The Trustees, however, could proceed under the old Mill Act, pending new legislation in 1907. We will indicate what brings us to this conclusion just a little later.
At the same meeting it was voted:

"that the offer of Col. O.H. Payne to finance the construction of the proposed mill on the site aforesaid as reported by the President be accepted, and that the President be and he is hereby authorized to proceed with such construction."

Garret Schenck had the property all lined up, through various straw buyers. He already owned the Rice Farm, the purchase having been made for him in January by his friend J. Fred Webster, who deeded it over on February 16th. The intention was to use this property in connection with log driving in the area. By arrangement, Hugh Chaplin, also in January, had obtained title to the Frank H. Holyoke interest in the east half of T.A. R.7, and James F. Kimball had bought from John, Charles and Freeman Powers a small piece of Lot 9 on the south side of the river at Burnt Land Rips, this lot being excepted from the Holyoke deed. This is where the south end of the East Millinocket dam is landed. Both of these properties were deeded to the three Trustees on April 12th. A week later, the new mill was announced in the Bangor newspapers.

Up to here, everything was based on the Burnt Land Rips site proper, where the East Millinocket mill is located. However, the above purchases took in not only the power at this site, but the land where the Dolby station was built, but not the Dolby flowage. At this point Garret Schenck made another move, raising the question as to whether or not it might be better to put the
mill on the "upper power" (Dolby Rips), and on May 8, 1906, there was another vote, to build a three-machine mill at Burnt Land Rips, provided that it would cost not more than $1,600,000, the location to be decided in consultation with counsel, as the actual site would have a bearing on the acquisition of flowage and the amount of damages. The option would of course have been between Burnt Land and Dolby. On May 23rd., Garret Schenck reported that a contract had been made with J.B. Mullen & Co. for construction, and that three paper machines had been ordered for the "Aroostook Mill," the name by which the new plant was to be known. This name was used for about a year, on letterheads and in various records. On May 31st., he reported that he had selected the lower of the two sites, on account of the flowage damages being less there, stating that the same production would be possible at either site. This might indicate that up to this time, at least, he might not have been thinking in terms of developing all of the possible head at Dolby Rips, which was twice as much as that at Burnt Land.

Surveying had been started in April for the rail line to connect with Millinocket and through to the Fast Branch at Medway. This was built in 1906 as the Schoodic Stream Railroad, and of course became part of the Bangor & Aroostook system. Construction did not start until some time after the middle of the year, and this delay was occasioned by an interesting interlude. The Directors of the Bangor & Aroostook had voted to accept Garret Schenck's proposal of February 15, 1906, but he had not accepted
the contract drawn in accordance with it. The railroad, while it was getting organized to build, would not start until it had a contract giving it all the business, saying that all they had was an agreement to make an agreement. Late in June Garret Schenck personally offered another proposal, covering much the same ground as the previous ones, but containing these revised clauses:

"The Great Northern Paper Company, or its Agent or Trustees will agree to guarantee to the B. & A. Railroad (and it will enter into a contract to this effect) to give to them the exclusive shipments of all railroad intake and outgo of the present Millinocket mill, or other mill or mills it may build on the Penobscot River above Medway.

And, in consideration of this agreement to give to the Railroad the exclusive freight, as above mentioned, the Railroad must agree, that, without regard to the cost of the outlay by the Railroad for the building of the branch and siding or added switch charges to the new mill, or other mills that may be built, that no higher rates on freights shall ever be charged by the Bangor & Aroostook Railroad to and from any of the mills belonging to the Great Northern Paper Company, or in which they are interested, than are now charged to and from the Millinocket mill of the Great Northern Paper Co."
He drove his point home by concluding:

"The intent of this letter is to ask of the B. & A. Railroad a contract or agreement by which the new mill, or any other mills the Great Northern Paper Company may build on the West Branch of the Penobscot River (including the present Millinocket mill) is insured, forever, rates not exceeding those paid at the present time by the Great Northern Paper Company for its Millinocket mill, and as convenient switching arrangements and service as are now received by the Great Northern Paper Company at its Millinocket mill.

And in consideration for these things the Great Northern Paper Company will agree to insure to the Bangor & Aroostook Railroad all railroad transportation to and from the mills of the Great Northern Paper Company on the West Branch of the Penobscot River."

A careful reading of this will divulge its implications. Hugh Chaplin, who was attorney for both the railroad and the Company, would not agree to it; raised a legal question about the ownership of the new mill, and insisted upon sticking with the February 15th proposal which had already been approved by the B. & A. directors. It would seem to have been finally agreed that acceptance of this would constitute a contract, and work proceeded. It was later interpreted, as far as rates were con-
cerned, as meaning simply that those to and from Millinocket and East Millinocket would always be the same, not that they would never be increased.

Surveying started late in April, and work at both sites began early in June. In May, Garret Schenck had informed F.W. Cram that "we do not propose to organize a company separate from the Great Northern Paper Co., but build the mill as 'three joint tenants'"-- these of course being the three Trustees. The general contract seems to have been revised on June 27th, James Mullen having formed a new partnership, including himself, Edward and John Ward of Kennebunk, R.L. Doring of Gorham, N.H. and Forrest E. Ward of Berlin, N.H., under the name Mullen, Ward Bros. & Co., to do this job. The contract, incidentally, was not with the Trustees, as might be expected, but between the Great Northern Paper Company and this partnership, and was on a cost plus 7% basis, the Company paying the labor. The location was specified as "Burnt Land Rapids", and the dam to be built there was to develop a twenty-five foot head. This revised contract contained a clause stating that it would include "all of the excavation, masonry, coffer dam, brick work and general carpentry work of the second mill, should the party of the first part decide to develop its power under two heads."

This is where Garret Schenck may have departed from the script. On July 19th, John Powers and Eugenia Powers deeded to the Trustees the two farms above the Dolby site, where work had
begun on a second dam, to develop fifty feet of head, and a second grinder room, to be connected to the mill at Burnt Land Rips by a pipeline. Work had been started almost simultaneously at Burnt Land Rips and at Dolby Rips, but little was done at the latter place until late in the fall, and the dam there was not completed until the summer of 1907. A photograph taken on August 16, 1906, shows only clearing, burning and a little excavation going on at Dolby, while foundations were well under way at the lower site, work on them having been started on July 1st. It is hardly possible that the New York people did not know that construction was going on at both places, yet there is the evidence of Garret Schenck's letter of October 10, 1907, which shows that without consulting them he did something important, that cost a lot of money, in connection with the East Millinocket project, and from the foregoing, this must have had something to do with the Dolby grinder room. Whether it was the Dolby development as such, or whether it was because of the fact that this dam was built to an elevation that flowed out everything away up to Jerry Brook, with substantial land damages which the Company was plainly trying to avoid, has not been determined. Title to the land flowed in the West half of T.A. R.7 was not obtained from John Cassidy and the Webbers until October 24th. Whether court action was involved we do not know. The usable buildings from the Powers farms were moved to the Rice Farm.

At the opening of the 1907 session of the Legislature, two important bills were introduced, one by the Company, the other
by the Trustees. Both were enacted into law promptly. The first (Chapter 65, Private and Special Laws of Maine, 1907) approved on February 13th, gave Great Northern the right to "Build, acquire, own, maintain and operate mills for manufacturing purposes in any county and all counties in the State". This act is what leads us to our conclusion as to the reason for the Trustee arrangement. The rather curious specification of "any county and all counties" was perhaps to remove any doubt about the right of the Company to own and operate the Madison mill, which was in Somerset County, and although the old Manufacturing Investment Company had been duly chartered (Chapter 107, Private and Special Laws of Maine, 1891) and (Chapter 414, Private and Special Laws of Maine, 1893) some question as to whether the Great Northern Paper Company could legally take these over may have arisen. The second (Chapter 127, Private and Special Laws of Maine, 1907) gave to Garret Schenck, Payne Whitney and Lewis Cass Ledyard "owners of the mills erected and to be erected on the east half of township A, range 7" the right to build piers and booms and to hold and sort logs in the flowages being erected between Jerry Brook and the dam at Burnt Land Rips.

On April 9, 1907, the Trustees made over all the lands mentioned, the booming privileges and "all buildings, dams and improvements, of every name and nature, erected or in process of erection on said premises" to the Great Northern Paper Company, the deed being signed by them and by their respective wives. Just about this time, Garret Schenck reported that there was an
unprecedented demand for newsprint, and that tonnage was being bought from other mills to fill orders. A month later, he told the Executive Committee that for some reason not explained in the record the Company could not use the name "Aroostook" for its new mill. Thereupon it was decided to call it simply the "Lower Mill", which name remained official for some fifty years, and is still heard occasionally. It was, however, also called the East Millinocket Mill, its present designation, after the town built at Burnt Land Rips was so named. The Lower Mill, as it was then, made its first paper on Tuesday, August 6, 1907. What little we know about its building will be told in another place.

Mention has been made several times of the newspaper publishers' attacks on the "trusts", and their drive for the removal of the duties on newsprint. In the period which we are discussing, these became combined in one thrust, and this might be the time to examine these developments in more detail. They are summarized from L. Ethan Ellis' "Print Paper Pendulum", with interpolations from the record of the 1908-1909 hearings of the Mann Committee.

The formation of the International Paper Company in January, 1898, immediately brought forth a blast from John Norris, printed in his newspaper, in which he accused them of creating a monopoly to raise the price of paper, calling this "a conspiracy to tax knowledge, to levy tribute on education, to blackmail intelligence itself". This did not deter I.P. from increasing the price of its product, as we have already seen. The appointment, a little
later in the year, of a Joint High Commission to study Canadian-American affairs offered him his next forum, and he submitted to this body a brief, copy of which was sent to the press and to all Congressmen, demanding free entry of pulp and paper. This was followed by a deputation from the city publisher group. However, the Canadian representation was preoccupied with the problems of logs, lumber and pulpwood, and the Commission broke up in disagreement. With even higher prices late in 1899, there were several legislative proposals to remove the duty on paper. There was fear that these would generate a general tariff wrangle; the latest increase in price was short-lived, being weakened by Great Northern's entry into the market, the publishers were not united in support, and nothing was done. However, the wood-producing Canadian provinces, seeing no prospect of action in Ottawa, began to put restrictions on the export of pulpwood.

Things were relatively quiet until 1904, when the demand for paper caused by the outbreak of the Russo-Japanese War, along with rising costs, had brought on a price increase. The newly-formed Department of Commerce and Labor was authorized to investigate newsprint supply and prices, and this gave John Norris still another opportunity to tee off on the International Paper Company and the General Paper Company, at the same time slipping in a proposal for the removal of the duty on wood pulp, on the basis that this would make the independent mills competitive. International's categorical rebuttal of the charges shook up the publishers, but they pressed on against the General Paper Company,
and succeeded in getting the case thrown over into the Justice Department, which in 1906, after a long investigation, ordered the dissolution of this organization.

This depressed the price of newsprint again for a short time, but demand was high, prices quickly rose again, and as has been noted, contracts were made at greatly increased figures -- $50.00 and even $53.00 a ton -- in 1907. The mills began to buy more wood from Canada. The Canadians began to see that they had a lot of leverage, that they might use to get more of the pulp and paper industry into Canada, and demands arose for further restrictions on the export of wood. The publishers, still not unanimous, and undecided whether to proceed against the trust or the tariff, went to President Roosevelt, who at first agreeing to go into both aspects, thought better of it with an election year coming up, and recommended only that the duty be removed from wood pulp, if Canada would agree to free export of pulpwood. This did not satisfy the metropolitan publishers, and under pressure there followed the introduction of a number of resolutions in Congress in regard to tariffs on wood pulp and paper, all cautiously hedging against the possibility of general tariff revisions and retaliatory export duties, but there was no action. In April, 1908, the House of Representatives set up a "Select Committee on Pulp & Paper Investigation" -- the Mann Committee -- which conducted one of the most thorough investigations of any industry that has ever occurred. A preliminary report, issued by this Committee in May, was not too encouraging to the publishers. John Norris
resigned his position as Business Manager of the New York Times to take over the job of representing the American Newspaper Publishers Association. Individual publishers were by no means of one mind with him and Herman Ridder, President of the A.N.P.A.; were reluctant to furnish information, and did not testify in any numbers until late in the hearings, which covered an entire year. The paper manufacturers kept their cool throughout, denied collusion, insisted that cost should govern price, and pointed out that removal of tariffs could only result in the transfer of the industry to Canada. The committee tendered a final report in February, 1909, after testimony covering nearly 4,000 closely printed pages, much of it invective by John Norris against the industry, charging all manner of misdeeds, which could be put down only by the removal of duties on groundwood and newsprint. The report confined itself entirely to the tariff issue, recommending that the duty of $1.67 per ton on wood pulp be retained, and that the duty on newsprint be reduced from $6.00 per ton to $2.00, but that retaliatory measures in the way of countervailing duties should be taken if Canada or the individual provinces should impose export restrictions on wood, pulp or paper. This was a compromise, intended to help everybody while not antagonizing Canada. It satisfied nobody, but had a significant bearing on later developments. No one from Great Northern appeared at these hearings. Three entire Executive Committee meetings were devoted to the subject when the Mann Committee was set up, and representatives were appointed to appear "if necessary", but it apparently was not considered necessary, and later on it was voted not to attend anyway.
The Company got a lot of exposure, generally favorable, but it did not get off scot-free. Although the A.P.P.A. had publicly given credit to Great Northern for establishing the standard 24" x 36" - 500 sheet - 32 lb. basis weight for newsprint, John Norris, early in his testimony, charged that it had double-crossed its associates in the industry and had made price concessions by shipping underweight paper. His beef on this, as a publisher, was that it resulted in less salvagable core waste! He then introduced a statement made by William B. Dillon which had been published in the New York Herald, with the comment that it was "the most intelligible and succinct formulation of the causes named by any of the paper makers that I have seen thus far." The tenor of William B. Dillon's statement was that increased labor costs in the woods and in the mills, the eight-hour day, enlarged paper machine crews and higher freight and warehouse charges were entirely responsible for rising paper prices, and that the publishers ought to face up to this and treat paper the same as any other industry did its raw material.

It contained a paragraph which would not perhaps not have any deep import, but which in those trust-conscious days was the Company's Declaration of Independence. It has been repeated many times since, in much the same words, in situations where the supply and price of newsprint were under fire, as they were then:

"I want to say that the Great Northern Paper Company stands utterly alone. It has no condition or working
agreement with any other paper-making company
in the world. Monopolistic practice has nothing
to do with the advanced selling price. Increased
cost of production is the sole factor which has
brought this about."

John Norris tore into William B. Dillon, who had said in
his statement that men could formerly be hired for work in the
forests for $15 - $16 a week, but that now they must be paid
from $30 to $35 a week.

THE CHAIRMAN: "You say $35 a week?"
MR. SIMS: "That is the way I read it."
THE CHAIRMAN: "If the report does not come any nearer to the
facts in the other matters than in that, I
think it must be a long ways off."
MR. NORRIS: "This purports to be Mr. Dillon's statement."
THE CHAIRMAN: "Thirty-five dollars a week for cutting logs
is preposterous."
MR. NORRIS: "I will show you other preposterous features of
that publication with the utmost delight."
THE CHAIRMAN: "Proceed, Mr. Norris."

Mr. Dillon must have meant $35 a month, or maybe there was
an error in the newspaper reporting. It might have been possible
to find a few $5.00 a day jobs, on the drive, perhaps, or among
the walking bosses, but $35 a week for general woods labor was --
well, preposterous.

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Anyway, Mr. Norris proceeded. In a long discourse, having to do with the statement about higher freight rates, he accused William B. Dillon of conspiring with a carrier to receive a kickback on an illegal rate charged on water shipments from Boston to a Philadelphia customer. This brought from one of the committee-men the question "And (this) was a piece of fraud and rascality, to say the least?", to which Mr. Norris replied, "Use any terms you please." Mr. Norris was careful about libel, but not very careful of the truth in other ways. The Chairman took a dim view of this charge, and Mr. Norris was badly mauled at other times by the committee.

In November, 1908, the Ways & Means Committee of the House had started hearings on the bill which became the Payne-Aldrich Tariff Act of 1909. The Directors had voted not to appear at these hearings, but Garret Schenck and William B. Dillon were called, and did appear, in February, 1909. In the meantime, the findings of the Mann Committee had been incorporated almost bodily in the legislation. The act passed on August 5th, after much argument and some revision. It retained the $1.67 duty on wood pulp and set $3.75 per ton on newsprint from any area not restricting export of pulpwood, plus a $2.00 surtax and heavy additional ad valorem penalty duties which might be imposed after March, 1910 on imports from any area which unduly discriminated against the United States. This provision could have made the duty on newsprint as high as $14.50 a ton, at current prices. The effect was a victory for the paper manufacturers, but it angered Canada and the publishers.
From this point on, the action became so entangled in national and international politics that it is impossible to cover it in any detail. Quebec and Ontario prohibited the export of wood cut from Crown land. The publishers simply kept pushing. The midterm Congressional elections in 1910 gave the press an opportunity to stir up the situation, and this caused President Taft to enter into more active negotiations with Canada on general reciprocity. The bill to implement the agreements arrived and was introduced early in 1911 by Samuel W. McCall, of Massachusetts, but stalled in the Senate. In April, it was put up again by Oscar Underwood, Chairman of the Ways & Means Committee, and was passed on July 23rd, becoming the "Reciprocity Act of 1911." The newsprint industry, during this long struggle had become resigned to the prospect of free paper. They had seen the handwriting on the wall, and had begun to move into Canada, where they had been buying land for more than twenty years. Between July and December, 1911, both United States and Canadian capital rushed into the pulp and paper business. In this period, 49 new concerns were incorporated, of which 27 were in Canada.

Reciprocity did not lower the price of paper, with supply and demand in close balance for a couple of years. In 1912, the manufacturers made motions at repeal of Reciprocity Act, but got nowhere, only one out of nine bills reaching the discussion stage. By 1913, the Canadian industry had reached size-
able proportions, ways had been found to circumvent the Payne-Aldrich law, and European nations were getting into the act with small amounts of duty-free paper, after a court fight. In 1913, John Norris was back at hearings on the Reciprocity Act aimed at eliminating the various retaliatory fringe duties on groundwood and newsprint, and resulting in the Underwood Act of 1913, passed in October, which, as the A.N.P.A. said, "admits free of duty newsprint paper and wood pulp from all parts of the world and without qualification of any sort." The way was open for the big move of the industry to Canada. This was probably inevitable, in view of the increasing demand and the situation as regards water power and wood supply for mills to serve the big market area east of the Mississippi -- nobody had even thought of southern pine as a raw material for newsprint in those days -- but it was accelerated by the untiring efforts of John Norris, of whom Senator Smoot said, upon passage of the Underwood Act; "I think perhaps it would be perfectly proper now for me to extend congratulations to Mr. John Norris upon the successful conclusion of this long fight and the Newspaper Publishers Association ought to increase his wage from now on."

From all of this, the Great Northern Paper Company stood aloof, except for a brush with the International Paper Company, probably in 1904 or 1905, about the importing of wood from Canada. Several United States companies, as has been noted, owned a lot of land above the border; there was no duty on pulpwood, and they had begun to bring it into the United States for use in their
mills in substantial amounts. Apparently early shipments were
rough wood, giving nobody any legal grounds for objection.
However, when they began to bark it before shipment, in order to
save freight, the point was immediately raised by those who did
not own land in Canada that barking made it a manufactured product,
and dutiable. The Government rejected this proposition, but
Senator Hale, of Maine, insisted on a public hearing before a
board of appraisers. At these hearings, which lasted about a week,
the International Paper Company carried the ball for the importers,
Great Northern for the opposition, which lost its case. During
the course of these proceedings, there appeared for I.P. another
young man by the name of William Arthur Whitcomb, who later be-
came one of the most interesting figures in the history of the
Great Northern Paper Company.

The price of newsprint was not affected very much one way
or the other by all these developments, remaining stable at
$45.00 a ton, delivered New York, according to the Newsprint
Service Bureau, through 1913. United States consumption of
newsprint continued to rise at a steady pace, reaching 1,547,000
tons in 1914. By that year, production of newsprint in Canada
and Newfoundland, no factor in the U.S. market only a few years
before, was up to 470,000 tons a year, with the construction of
new mills at Kenogami, P.Q. (Price Bros., Ltd., 1912); Sault Ste.
Marie, Ontario (Lake Superior Paper Co., 1912); Espanola, Ontario
(Spanish River, 1912); Donnacoma, P.Q. (Donnacona Paper Co., 1912);
Thorold, Ontario (Ontario Paper Co., 1913); Fort Frances, Ontario
(Fort Frances Pulp & Paper Co., 1914); the addition of two machines by the Anglo-Newfoundland Development Co. at Grand Falls, Nfld. in 1911; two machines at Fspanola in 1913, and higher productions at other existing mills. In that year, Canada exported 275,000 tons to the United States, and the price broke, starting in 1914, getting down to $41.78 in 1915, when it began to go the other way. Newfoundland was not part of Canada at that time, and for years its considerable production and export tonnages were reported separately in various records. However, for the purposes of this story, Canada and Newfoundland will be considered together.

The reader who has followed us this far will certainly have become aware of the fact that there is not much continuity to our narrative. It jumps about in time and from one subject to another. Later on, in some areas, we can be more orderly, but we can find no better way to tell most of the story than to mix everything together as we have been doing. Unfortunately, this often leaves us with no graceful way to get from where we were last to where we are going next; like right now, when we move from general discussion of the situation in the newsprint industry to the working organization of the Great Northern Paper Company in these early years and a brief look at some of the people in it, which will lead us to some other things.

There was really not very much of an organization at first. Garret Schenck, as President and Manager, was "supreme", and all those who would now be department heads reported to him.
He laid down his plans and policies with authority, but left the individual officials quite free to act as long as they acted the way he expected. Fred Gilbert, who had a salary record title "Woodlands Manager", but did not use it, located in Bangor, was the most uninhibited department head, and was practically autonomous as far as activities involved in the procurement of wood were concerned. There will be much more about him later. The duality of the sales function during the early few years has been noted. After 1903, William B. Dillon, Manager of Sales, and for a long time the only Vice President, operated out of New York. The Treasurer, J. Sanford Barnes, was also in New York.

The Engineering Department was really Hardy Ferguson's organization in Millinocket until 1911. There were separate Accounting departments for each mill in the early years, and perhaps up as late as 1910, the first Accountant at Millinocket being J.H. Longley, and the first at Madison H.H. Pope, who within a few years became the Company's "Agent" in Bangor, as will be noted later. It is possible that in the period we are discussing both Accountants were under the general direction of J. Sanford Barnes. From the beginning, and up to the end of Garret Schenck's administration, there was another separate Accounting Department for the wood producing operations, with offices in Bangor. In the early stages, a certified public account, D.C. Tate, of New York, went over the books each month and made reports to the Directors at intervals of a few months.
The last such report was as of July 1, 1901, when the practice was discontinued. In December, 1908, the President reported that there had been no audit of the books for over seven years and Price Waterhouse & Co. were engaged to prepare a balance sheet and to report on the Company's methods of accounting.

There was no information as to how the purchasing was handled in the early days. There was no central Purchasing Department until 1907, when Fred T. Dolbeare, the then Traffic Manager, was made Purchasing Agent also. Fred Dolbeare (1874-1949) was a short statured, short-tempered, humorless man, of no great ability. His principal social distinction was that he was a Lieutenant in the Ancient and Honorable Artillery Company of Boston. He held the position of Purchasing Agent for forty years, until his retirement in 1947, his office being in Boston.

The manufacturing Department was at the beginning managed by Garret Schenck himself, with assistance from A. Ledyard Smith, and with Superintendents at the Madison and Millinocket mills. In September, 1901, John Decker, the "fiery old gentleman", as one of his employees called him, who had been brought over from Rumford Falls to start up the Millinocket mill as Superintendent, resigned. A new Superintendent was appointed, but at the same time, George H. Parks was hired from the International Paper Company as "Manager of the Manufacturing Department", a title soon shortened to "Manager of Manufacture"; and was stationed in Millinocket. His salary was $12,000 a year, not much under
that of the President, and he also had some kind of stock bonus arrangement. The Parks (originally Parke) family had been mill owners and operators on the Hudson River since before the Revolutionary War. A Daniel Parke built a mill at Moreau, N.Y., in 1766, and was later killed there in a Tory raid. His son, also Daniel Parke, according to a family Bible, built the first mill, presumably a paper mill, at Wing's Falls, later called Glens Falls, about 1773, and this mill, or its successor, was eventually owned by a direct descendant, Solomon Parks. Upon his death, it came into the hands of Fred H., George H. and Lee Parks. Fred and George were Solomon Parks' sons, but it is not known whether Lee Parks was another. This mill, and the neighboring Fort Edward Paper Company, went into the International "trust" in 1898. Fred Parks became General Manager of Manufacturing for I.P., and George Parks was division superintendent in charge of the two above mills and a few others in the area before coming to Great Northern.

A. Ledyard Smith, with the title "Assistant to the President", and having his home and office in Madison, where he lived in great style, was a sort of general doer; Clerk of the Corporation after Charles Mullen, his office in this capacity being in Bangor; active in the Maine legislature; apparently in general charge of the operation at Madison - his status in this connection vs. George Parks is a little unclear - cost watcher, and for a few years at least, in overall charge of traffic matters. He and F.W. Cram, the Company's most important railroad contact, were not exactly bosom
In May, 1901, for example Garret Schenck was in the middle of some heated correspondence between them about switching charges and demurrage, like this from F.W. Cram:

"...I have explained this switching business to you several times. You have always assented when you understood that I was right....'Cutting close to the bone' should not apply to me. You know well enough that I don't stand for coppers or dollars where it is a matter of accommodation..."

A. Ledyard Smith figured that he was getting a snow job. A day or two later he wrote to the President:

"I note what Mr. Cram has stated about 'cutting to the bone'. I suppose he refers to me.... I have come to the conclusion that Mr. Cram's method of doing business is to give nothing, as far as possible, but to talk a great deal about giving it. As he always appears to be so very fair in his way of talking, it has been naturally a special inducement for me to try and be very fair in everything I have asked of him. This means he is always right."

The traffic function was very important in this period, and for the next twenty years, although it fell to a lower status in a later time. A Traffic Department was established in July, 1902, when Fred T. Dolbeare, who had been Garret Schenck's private secretary since before the Company was organized, was made Traffic
Manager. With water transportation becoming a factor after the construction of the Northern Maine Seaboard branch, Andrew P. Lane was hired as "Steamship and Schooner Agent" in November, 1906. Early in 1907, he became Assistant Traffic Manager, actually taking over most of the traffic work, and was made Traffic Manager in 1912, at which time Fred Dolbeare was entirely relieved of traffic. A.P. Lane (1866 - 1934) was a distinguished looking, kindly man, a gentleman and a diplomat. A native of Boston, he had been in the transportation business, with the Clyde Line and then as Manager of the Metropolitan Steamship Line, before coming to the Company. He later was vice-general chairman of the New England Shippers Advisory Board, a member of the governing board of the Maritime Association of the Boston Chamber of Commerce, lectured at Harvard, and during World War I was Fuel Administrator for the State of Maine. He was an able trouble-shooter and negotiator, and was often employed in this capacity. Like Fred Gilbert, he pretty much ran his own show, and as he was a great believer in personal contact, was on the road almost continuously, and in his office in Boston very little. This situation became in one period a little annoying to the then President, who instructed him to report where he was spending his time. He did so, conscientiously, by telegrams reading: "Leaving Memphis (or Louisville, or New Orleans, or Jacksonville, or Savannah, or Indianapolis, or wherever it might have been) 4:50 P.M. today." Nobody ever knew where A.P. Lane was, or where he was going, but they always knew where he had been. Consistent to the end, his
death occurred in Miami Beach, Florida.

The development of water transportation was not simply a matter of hauling the rolls down to the harbor and putting them on the ship. The heaviest shipments were to be to New York. In those days, the manufacturer was responsible for the delivery of paper right to the customer's pressroom, at least in the larger cities. This required the Company to have storage space at the receiving end, and water shipment required that it have storage at the shipping port as well. The latter was taken care of by renting space on the new Bangor & Aroostook pier at Stockton Harbor (Cape Jellison) and erecting a storehouse designed by the Engineering Department. This was completed in the spring of 1907, the work being inspected from time to time by Frank Bowler. Shipping, and storage at the New York end, however, became something of a problem, which led to the establishment of Great Northern's salt-water "navy".

On October 4, 1906, Garret Schenck announced to the Directors that the schooner "Northland", built by the Northern Maine Power Packet Company would be used largely by the Great Northern Paper Company for carrying paper from Stockton to New York and coal from southern parts to Stockton. Construction of this vessel had been started by Cobb, Butler & Co. of Rockland, Maine in February of that year, at which time she was owned by a partnership which included a number of Company people -- Garret Schenck, Payne Whitney, J. Sanford Barnes, William B. Dillon, George Parks
and Col. E.H. Haskell -- and business associates like Hardy Ferguson, J.H. Eastwood of the Eastwood Wire Company, Charles S. Barton of Rice, Barton, the Burgess Sulphite Fibre Company and a number of others. The partnership agreement provided for possible future incorporation. In April it was decided to do so, and the Northern Maine Power Packet Company, capitalized at $150,000, was the result. All the original partners were stockholders, and a number of others -- Fred Gilbert, J. Fred Webster, H.H. Pope, Charlie McLeod, who was cutting pulpwood for the Company on contract -- along with some who have no other connection with our story, subscribed.

Great Northern did not own any of the stock originally, but a provision tacked on to the 1907 legislation (Chapter 65) allowed it to "purchase and hold shares in the Northern Maine Power Packet Company or similar corporation", and it is probable that it acquired the stock held by company people and perhaps some others shortly thereafter.

The "Northland" was a four-masted auxiliary schooner, 225 feet on the keel and 44 feet beam, with a 25-foot hold, and was supposed to have a carrying capacity of 3,000 tons. She was built of native wood, with hardwood frames and hackmatack knees. Only her oak keel timbers were imported. She was equipped with a 500 H.P. gasoline engine, and is said to have been the first vessel of her class on the Atlantic coast to have this kind of power plant; and she was fitted with two lifts of some kind,
furnished by the Otis Elevator Company, for handling rolls of paper into and out of the hold.

One hundred and sixty-two shares of the stock had been subscribed by C.L. Duval, of New York, proprietor of Duval & Co., dock agents, and the Company was depending upon him to find dock space at that end. This seems to have been scarce at the time. As encouragement, it loaned him $16,200 to pay for the stock, taking his notes and an assignment of his interest as collateral. He seems to have found dock space, but would not turn it over, perhaps hoping to make a better deal for it. This situation dragged itself out through the winter. A.P. Lane was also having trouble getting shipping. There was talk of building a whole fleet of power schooners, but it was finally decided to give up on trying to charter vessels or on building any, until a dock was available. By April of 1907, the Directors had had it with Mr. Duval, voted to end negotiations with him, and demanded payment of his notes. He turned over the stock instead, and if the Company had not previously been involved in the Northern Maine Power Packet Company, it was now. Following the rhubarb with Duval, negotiations were entered into with the Royal Mail Steam Packet Company, of London, for a sublease on one-half of Pier 42, North River, which Royal Mail leased from the City of New York. At the same time, a contract was made with the firm of Sanderson & Sons for the construction of a freight shed thereon, and another with A.H. Bull & Co. for vessel shipment of paper from Stockton to New York, with return cargoes
of coal from Norfolk, Virginia, to Stockton.

While this was going on, the Traffic Department, which seems to have been in an almost continual battle with the Bangor & Aroostook about switching charges and pulpwood rates, seems to have decided that this was a good time to tackle F.W. Cram for lower rates on paper, on the basis of his need for tonnage for his new branch and the increased volume of Great Northern business which was up-coming. This would not seem to tie in very well with the negotiations prior to the start on the construction of the new mill at Burnt Land Rips. F.W. Cram did not think so, either. On November 26, 1907, he wrote Garret Schenck a long letter, preliminary to a conference which he hoped would iron out all the difficulties which had arisen. The meaning of all of this letter is not clear, but a lot of it was very much to the point:

"... Your rates are the lowest of any we have, according to services rendered, were made so because you insisted it was necessary...... every concession it was possible to make, for regular working, has been made to enable you to build the mills. No margin was, or is, left for aiding farther, in regular working, in operating the mills ...Competition between transportation lines is a legitimate thing for the activity of your Mr. Dolbeare, Lane and others. I can never agree it has anything to do with Bangor & Aroostook rates. Every possible concession was

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made to you to aid you to meet the competition of other sections.... I would undertake to prove that according to the attitude of some of your subordinates would like you to take, we would be asked to get along with 70 cents where our outset was $5 to $25. 'Big business furnished' won't do. You cast your lot with the Bangor & Aroostook. It has stood by so far .... We need a given revenue to support the road (the Northern Maine Seaport branch). We counted upon a big share of it from produce. Produce cannot carry its share of it (at) this time. Can the other items? In all directions, shippers are saying 'yes, we will lift.' Not one has said at reduced rates... None has entered upon the scheme, upon understanding, more heartily than you did. No one could appreciate it more than I do. I wish it was possible for us to do the business at lower rates than now. It absolutely is not possible for us to cut off a single penny, or waive a single right with any shipper. Logically 25 to 30% increase in all of your rates ought to be made, but it would be morally wrong to advance them one copper, and the B & A won't."

It was September, 1908, before the sublease on Pier 42 was obtained, and it was understood at that time that it might be two years before it would be available for use. Another agent, George O. Lord, was paid $20,000 for his services in
making this deal. The City of New York then had to approve it, and it was into February, 1909, before work was started on the warehouse. It was then found that the entire pier had to be rebuilt, and, as forecast, it was not ready for use until the middle of 1910. In the meantime, space on another pier was rented temporarily. A.H. Bull & Co.'s contract was renewed for five years in May, 1909. As part of the deal, they agreed to build a vessel "suitable for paper". This was the steamship "MILLINOCKET", making her first trip from Stockton to Pier 42 on June 28, 1910. Operation of the "NORTHLAND" does not seem to have been very successful. More money had to be put into the Northern Maine Power Packet Company and this came from Great Northern which thus acquired more of its stock, becoming the principal owner.

At the time the A.H. Bull contract was renewed, efforts were made to get them to charter and operate the "NORTHLAND", with the Company guaranteeing the other owners a return, but it is not known whether this was ever done. The Northern Maine Power Packet Company was in existence until May, 1916, when the President reported that he had an offer of $100,000 for the "NORTHLAND", which he promptly accepted, and the company was immediately dissolved. At that time, Garret Schenck was President, and five of the eight directors were Great Northern people. There was a lot of other activity in connection with water shipment which we will discuss later.

Up to 1917, the sale of newsprint was on a "delivered" basis, involving the landing of the paper right at the customer's press-
room, and this meant maintenance of storage, at least in the larger cities, and local trucking service. The Company has always been a great do-it-yourselfer, and even as far back as 1907, and again in 1911, it was proposed that a fleet of motor trucks be purchased and operated in New York. This did not get very far, and instead, contracts for trucking paper were made with firms like Paul Viane in New York and Blinn, Morrill & Co. in Boston, where there were both a rail warehouse -- "17 House" -- in Charlestown, and a storage for water shipments on Boston Wharf. In addition, from the beginning of World War I and up through the 1920's almost every shipment had to be traced; there were frequent car shortages, and, especially in the periods when the Company was expanding and going into new markets, and when the Canadian industry was growing and coming into Great Northern markets, a great deal of rate work had to be done. All of this meant a lot of people. The exact organization at any particular time cannot be determined, but from about 1910 or 1911 there were Traffic Agents -- Charles Pyne and later Charles Dwyer in New York; J.V. Stetson, followed by Dan Ryan in Philadelphia; Frank Santos in Charlestown; Gleason Tinney at Stockton Springs and Cleve Hooper, who also looked after pulpwood shipments, at Northern Maine Junction; and there were clerks, checkers and what-not at each location. From 1917 to 1928, paper was sold F.O.B. mill, but some aspects of the old services were continued. After 1928, prices went back again to a "delivered" basis, but this meant only delivered at city of destination, not at the pressroom, and the warehouse system began to be discontinued.
Coastwise water shipment of paper was also phased out, and the Traffic Department field organization was largely dispersed after A.P. Lane's death.

There were other happenings, large and small, in the first ten years. The towns of Millinocket and East Millinocket were getting established, and a number of interesting situations arose in this connection. There were substantial acquisitions of timberland. There were momentous developments in the area of labor relations, including the Company's only strike, and the signing of the first agreements with organized labor. These things will be examined in the appropriate places. However, three unconnected episodes might be mentioned in closing this chapter.

The first of these was the construction by the Penobscot Log Driving Company of the concrete dam, replacing an old wooden structure, at the foot of Millinocket Lake. This had been proposed by them to the Company as a joint venture in 1905. It would have been of value to the mill under consideration at the time, but it will be recalled that the Company itself was not then committed to this mill, and did not choose to go along with the P.L.D. However, in October, 1909, the latter contracted for the construction of the dam, Garret Schenck advising Great Northern's directors that the P.L.D. had enough money for the job, from payments made to them by the Company. Great Northern had no actual control over this storage at that point.
The second was the acquisition by Great Northern of a one-half interest in the Eibel Process Company, pretty much forgotten, but important at the time. Its only assets were patents covering the concept of pitching the fourdrinier wire on the paper machine so that it ran down-hill from the breast roll to the couch. The theory was that with the force of gravity continuing to act on the stock after it had left the slice, it would retain its velocity and move at or near the speed of the wire during initial drainage, thus avoiding disturbance of formation. The Company was completely sold on this idea, and so was nearly everyone else, as at one time practically all newsprint machines, and many on other grades, had pitched wires. At this particular time, Great Northern, International and a number of other companies had adopted the pitched fourdrinier without benefit of license. In April, 1908, Garret Schenck told the directors that there was a possibility of a suit against the Company for "raising or tipping" wires, and he was instructed to take the matter up with counsel. In October, apparently after conferring with the International Paper Company and the Eibel people, he reported that a suit was probable under the "Ibell" patents, but that he could head this off by buying a two-thirds interest in Fibel for $10,000. He was authorized to buy 62 percent of the stock, and to sell one-half of this interest to the International Paper Company.

Par value of the Eibel Process Company stock was $50, but we do not know how many shares were authorized. • The actual
purchase was 110 shares, which was stated to be one-half interest. Half of this was sold to I.P., and it is our impression that Garret Schenck arranged for the St. Croix Paper Company to buy the remainder of the two-thirds of the stock needed to prevent a suit. This deal was concluded in April, 1909. However, a little later, the Company bought another 100 shares, bringing its holdings to 155 shares. As Great Northern at that time could not hold stock in a corporation outside of Maine, some of these shares were in the name of F.S. Mosely & Co., some in the name of a Mr. Freeland Jewett, who probably was the Eibel agent, as he was much in evidence in the Company's Boston office for a number of years, and was a stockholder in the Northern Power Packet Company; and some in the name of Garret Schenck, to whom all the stock was transferred, as Trustee, for voting purposes. The Eibel Process Company then licensed Great Northern, and no doubt the International Paper Company and the St. Croix Paper Company, at a rate of two cents per inch of machine width per year, and began to make efforts to license other mills. This met with immediate resistance, and Eibel went to law, filing joint suits against a number of companies in the United States and Canada. These were stubbornly contested, over a period of more than twelve years, being appealed all the way up to the Supreme Court of the United States, and to the Privy Council in England. In February, 1923, Garret Schenck reported that the U.S. Supreme Court had upheld the validity of the patents, and that the Company would be able to collect "a large sum" from the mills using them. The Privy
Council decision, probably reached about the same time, was also favorable. It has not been possible to determine just how much in total the Company collected in license fees through dividends, but we know that it was a lot of money. It share of the final dividend alone, when preparations were being made to dissolve the Eibel Process Company late in 1923, was nearly $55,000 on the 155 shares. All Great Northern machines had pitched wires until the 1950's; most of the old machines into the 1960's. At one time the Company had a machine at Millinocket with the breast roll 72" higher than the couch, at which point the stock began to run down-hill faster than the wire. However, before 1950, with better flow boxes and other improvements, many mills had abandoned the concept, and the pitched fourdrinier had begun to go the way of the shake and other features which at one time or another had seemed to be essential to good machine operation.

The third and final item was the uncharacteristic decision in December, 1908, to join the National Association of Manufacturers, at a fee of $50 per annum. Some time during the following year the Company was invited to join the American Pulp & Paper Association. This solicitation was left to the Vice-President, with power, which he exercised negatively, and in 1910 the Company reverted to isolationism and discontinued its membership in the N.A.M. also.

This ends a probably inadequate effort to describe such of the events occurring or originating in the first ten years as we intend to include in this chapter, and some of the people who took part in them, and brings us to a new and interesting period.

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APPENDIX I
NOTES -- CHAPTER X

(1) Smith
(2) Ibid
(3) Ellis
APPENDIX II
REFERENCE BIBLIOGRAPHY -- CHAPTER X
