



HOW GREAT NORTHERN PAPER FELL

LIKE A MIGHTY TREE, GREAT NORTHERN PAPER COMPANY WAS WEAKENED, BLOW BY BLOW, UNTIL THE GIANT CAME CRASHING DOWN. by David A. Woodbury

In 1977, Great Northern Paper was still Maine's second-largest private employer, after Bath Iron Works, with 4,200 workers. Busy sales offices took orders in Boston, New York, and as far west as Chicago, and three-martini lunches were common; I once attended one. The annual sales meetings were held in such places as Pinehurst, North Carolina, and Woodstock, Vermont, and no expense was spared to make them lavish. With world-class golf tournaments and celebrity guest speakers, the affairs probably rivaled the annual sales meetings of Chrysler or GE.

At the mills in Millinocket and East Millinocket, the annual foremen's picnic was a feast befitting a medieval castle. Feasters filled their trays with steamed clams and lobsters, slabs of steak and chicken breasts. Gallons of potato salad, barrels of chips, huge dill pickles, and kegs of beer made the picnics "complete." Blue after-dinner cigar smoke skewed the smiles of the locals as they bragged to the visiting salesmen about the fishing at Soddy Hunk or the new Polaris that the kids wrecked or the tournament that Stearns almost won again that year.

Paper coming from the Maine mills was the highest quality in the East, if not in the entire country. Telephone directories up and down the East Coast were printed predominantly on GNP paper, and it was shipped to places like Indonesia, Australia, and Latin America. Newspapers such as *The New York Times*, *Newsday*, and, later, *USA Today* preferred GNP's product for their front pages. School workbooks snapped up Millinocket's Baxter Text coated product. GNP research helped Moore Business Forms develop the first carbonless multi-form paper, and Moore bought out the production of one or two paper machines a year.

In 1970, Great Northern Paper (GNP) had merged with Nekoosa-Edwards Paper to form Great Northern Nekoosa Corporation (GNN). GNP, meaning just the mills in Millinocket and East Millinocket, remained the single largest division within GNN. In 1979, GNN was number 259 on *Fortune's* 500. The company's success trick-

PHOTOS COURTESY OF WALLY PAUL AND JOEL NEAL



Top left: Great Northern Paper Company celebrates its birthday with a float in a summer parade. By the time its 100th anniversary came around, there was little cause for celebration. Above: The mill's ability to turn wood fiber into the world's best ground-wood paper was confirmed in the caliber of its customers, from Bell Atlantic to J. C. Penney to USA Today. Left: Aerial of the Millinocket mill in 1984. Below right: A night shot of Great Northern's East Millinocket mill.

of what GNP had been a quarter century ago?

The nightmare began almost as soon as I had settled in Millinocket.

The Strike. From the 1970s to the '90s, there were 14 union locals between the two mills, and a single labor agreement covered 12 of them until 1978. That summer, when the company offered the tradesmen a 22.2% pay increase over the next two years, the eight locals insisted that it was not enough: The papermakers had been offered something different, and the trades wanted "parity." The National Labor Relations Board and federal courts refused to intervene, and federal and state mediators, along with Governor Brennan, failed to resolve the stalemate.

The two-month strike forced all the company's customers—worst of all, its big customers like Bell Atlantic and J.C. Penney—to suddenly find new sources of paper, and quickly. The quiet summer off was a nice vacation for the wealthiest community in the state. The wealth, however, never returned.

After the strike of 1978, customers who returned to us adopted two behaviors. First, they ordered large quantities ahead, on the off chance that another strike would come in, but the advance orders were welcome. Second, though they came back, they only

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partly came back, and continued to buy paper from other sources they had cultivated while GNP's production was down.

Add to this an innocent-seeming ruling by the IRS in the early 1980s. This ruling forced manufacturers, which included printing companies, to pay a tax on any unused inventory at the end of the tax year. Big customers like Bell and RR Donnelley canceled orders that in years past would have left them with a three-month supply of paper at year's end.

As printing companies reached the ends of their inventories, GNP's sales reps, who were notorious for scribbling indecipherable orders on cocktail napkins or the backs of business cards and submitting them on Friday afternoons, continued to do so but began to add: "for Monday shipment." Customers were storing paper "on the machines," as it came to be known. I was running to the paper machines on Friday

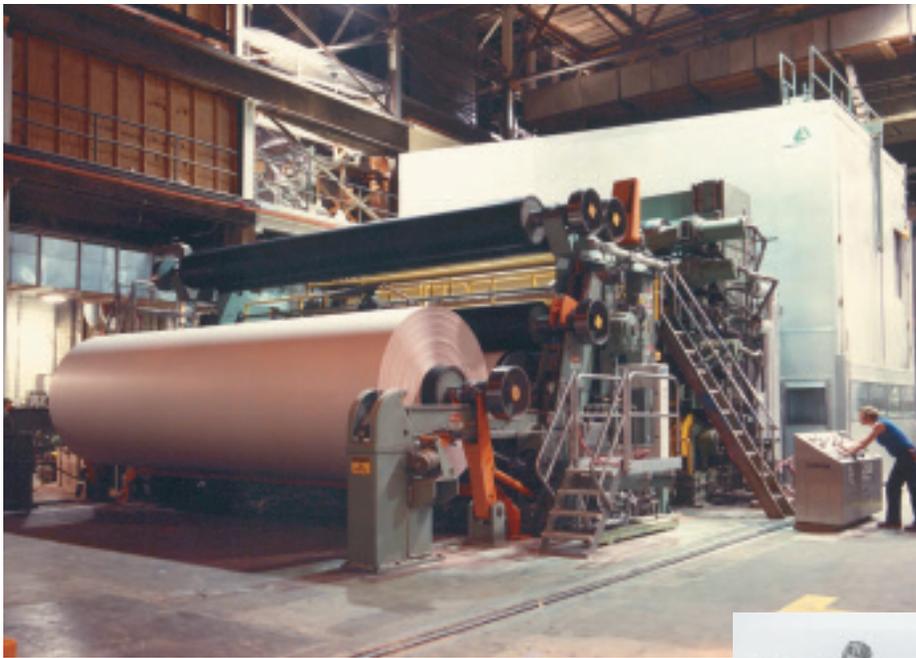
led down to the workers. In September 1977, even temporary summer help earned an impressive \$5.61 per hour. Millinocket was believed to have, if it did not have in truth, the highest per capita income of any town in the state.

In May 1977, I was hired onto "the window" at the Millinocket mill. I had a new bachelor's degree from the University of Maine's School of Forest Resources, and a pretty and very smart local girl for a wife. I was a veteran, had a naïve faith in the future, and thought the \$12,000 or so I could make in a year, year after year, as a laborer was grand money.

All this seemed so secure, back in 1977, so secure that, when a certain office took notice of my college degree—not its subject but merely the existence of the degree—and offered me a position as assistant sales-production coordinator, I accepted and started a 23-year paper-industry career.

What went wrong? What interrupted this idyll? Why is Katahdin Paper barely an echo





afternoons with changes in roll sizes and sudden changes in the grade or color of an order and adding that it had to be shipped in 80 trucks, beginning Sunday night. We scrambled to make it all work, only barely aware of how one ill wind was compounding another.

Indian land claims. In July 1979, a year after the strike, *Fortune* published an article on the very complicated claim by the Penobscot and the Passamaquoddy tribes that had by then gone before a federal court. The Indians were convinced that the Eastern states, which had been dealing with the tribes on a state-by-state basis for nearly 200 years, had been doing so in violation of the federal Nonintercourse Act of 1809. One federal court in 1975 agreed with them. The *Fortune* article explained that if that earlier ruling was upheld in appeal, then timberlands in Maine far in excess of Great Northern's holdings could not just potentially, but realistically, revert to the tribes.

GNN was already disenchanted with its Maine mills due to the strike. This new perceived threat helped turn what had been benign neglect of the GNP division into what was perceived locally as almost open animosity.

Spruce budworm. The next blow came in 1980, in the form of a little brown moth, or more accurately, billions of their caterpillars. The previous summer, a forest fire had consumed 3,500 acres of blow-down in and

Above: This photo of paper machine #6 in East Millinocket shows the massive scale of the machines workers had to keep humming. Right: This ad, illustrated by the late Jack Havey, touted the "Yankee ingenuity" Great Northern was using to end its dependence on foreign oil.



near Baxter State Park, a wake-up call to what could happen to a stand of forest killed by the budworm. It had to be prevented. The roar of crop dusters taking off from the Millinocket airport, starting at 4:30 a.m. for weeks during that spring and summer, was dramatic and briefly very expensive, but not of huge economic impact to GNP. The problem was one of public relations: At a time when southern Maine was assuming the character of spillover from Massachusetts, "spray" had become a four-letter word, and the death of a few million trees was an acceptable sacrifice to people who lived a good 200 miles from the center of any potential forest fire. It would also fuel the fires of contempt for GNP on a critical project to come: Big A.

Big Ambejackmockamus Falls. With the successful negotiation of new labor agreements in 1980 and a settlement to the

Indian land claims that same year, GNN gave Maine a benevolent glance and allowed engineers at Great Northern Paper to begin a serious study of building a hydroelectric dam at Big A—just below Little Ambejackmockamus and just over four miles below Ripogenus Dam.

The company estimated the cost of building the dam at \$96 million in 1982 money, but there is no perspective to that figure until one considers that the impetus was the energy crisis of just a few years before. The dam would allow GNP to harness a new, cost-effective source of hydroelectric power and afford GNP the kind of technological upgrades it needed to stay competitive.

The Big A is where Brownie Carson, who in 1984 took over as tsar of the official-sounding, Augusta-based Natural Resources Council of Maine, fought his biggest battle to date on behalf of his limited public and against big industry in the state. Carson, a gifted fundraiser and talented organizer, was effective in bringing together true believers from many far-flung organizations and other parts of the country to oppose Great Northern's wanton, inconsiderate, profit-motivated abuse of the people's river.

Another player, Wayne Hockmeyer of Rockwood, who owned Northern Whitewater Expeditions Inc., had formed the Society to Protect the Kennebec and the Penobscot Rivers out of fear that the project would put his raft-expedition company out of business. While fighting the reputed environmental havoc the Big A would supposedly cause, Hockmeyer's group never explained how it was environmentally friendly for 30,000 rafters (his estimate) to leave their bodily waste along the riverbank each summer. TO BE CONTINUED

David A. Woodbury is human resources director at Penobscot Valley Hospital in Lincoln. This article excerpted from his unpublished memoirs of his 23 years at Great Northern Paper company. The conclusion, How Great Northern Fell: Part 2, will appear in the next issue. Your comments and recollections are welcome and encouraged on our online bulletin board, MetroTalk, at www.bangormetro.com.