

THE HOLYOKE AREA PAPER INDUSTRY

1899 - 1951

By

John P. Hickey

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But words are things, and a small drop of ink,
Falling like dew, upon a thought, produces
That, which makes thousands, perhaps millions, think;
Tis strange, the shortest letter which man uses
Instead of speech, may form a lasting link
Of ages; to what straits old Time reduces
Frail man, when paper - even a rag like this,
Survives himself, his tomb, and all that's his.

Lord Byron

Preface

My purpose in writing this paper has been to present an historical-economic account of the Holyoke paper industry as it has functioned since 1899. This date was not arbitrarily selected. This was the year that the American Writing Paper Company was formed. From the moment of its birth it presented problems and produced changes in the local paper industry. The importance of this event to the Holyoke paper industry can only be understood when it is studied over the years since its inception. This is the first direction which this study shall take.

The other main part of the study is centered around the independent paper companies which existed both before the "trust" began operations and since that time. These were the long established, predominantly family-owned, companies which were faced in 1899 with the problem of competing successfully with the newly formed gigantic "trust." How these companies continued to exist down to the present is the other major line of research about which this paper will concern itself.

The contrast between the small independent companies and the large corporation is affected by many factors in the period of this study. Probably the most important factor has been the growth of the paper industry on a nation-wide basis. The many mechanical and chemical changes which have

taken place in the past fifty years have resulted in a shift of demand away from the types of paper made by the local paper companies. How the managements of both the "trust" and the independents have adjusted to this change is one important consideration which had to be faced in my investigations.

Other major events affecting the local companies were the impact of two major wars and the most severe depression in the history of our country. How the "trust" in comparison with the independents was affected by these events is another major consideration.

Throughout the study the contrast between the two main types of business organization and the management behind each is always apparent. The changes which have taken place and which are continuing to occur in this important phase of the local industry will have a considerable effect in the future. It is my sincere hope that these effects will be beneficial for the Holyoke paper industry.

For most valuable assistance in accomplishing the objectives of this study I wish to thank the persons named in the list on pages 123 and 154.

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The author wishes to express his most sincere appreciation to the members of his thesis committee, Professor William Haller, Jr., Professor J. Harry Rich and Professor William A. Davis who read all parts of the original manuscript and submitted many helpful criticisms. All responsibility for the entire study and the opinions expressed is assumed by the author.

John P. Hickey

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CHAPTER I

Development of the Paper Industry and the Formation of the "Trust"

The Holyoke Area paper industry, which was established in 1848 when Joseph Carew organized the Carew Manufacturing Company, grew consistently throughout the following fifty years. The first paper mill established in the City of Holyoke was the Parsons Paper Co. which began operations in 1853. After this first mill had successfully operated for several years, other paper mills slowly moved into sites along the canals. By 1873, just twenty years after the first Holyoke paper mill was established, there were fifteen paper mills being operated by fourteen companies. The total daily capacity of these mills was 48.5 tons.¹ In 1897 the number of companies had risen to twenty-one, and there were twenty-six mills being operated by them. The total daily capacity had increased to about 320 tons. The number of paper machines had increased from three Cylinders and sixteen Fourdriniers in 1873 to seven Cylinders and fifty-six Fourdriniers in 1897.² It is little wonder then that Holyoke became known as the "Paper City of the World."

There were several important reasons why the paper industry established itself in the Holyoke Area. Not the least of these was the Holyoke dam and canal system. The Connecticut

1. Louis H. Everts, History of the Connecticut Valley in Massachusetts (Philadelphia, 1879), II, 918-921.
Orra L. Stone, History of Massachusetts Industries (Boston: The S. J. Clarke Publishing Co., 1930), I, 575-580.

2. Western New England 3(7):310.

River, just one and one-half miles above the city, begins to fall in its winding course. It is imprisoned between high banks and drops about sixty feet until it reaches the city. At this point in 1848-49 the Holyoke Dam was constructed. At the same time a three-level canal system was built adjacent to the river.¹ The plan was to lead the water backed up by the dam through a gatehouse to the canals and into the river again below the city. Along the canals mill sites were laid out with water wheels installed. The water passing beneath the mills provided the power to turn the wheels and the machinery of the paper and textile mills. As a result of this arrangement, the heavy machinery in the various mills could be operated at a minimum of cost and effort. It was a remarkable plan, and it has worked efficiently down to the present time.

A second important reason for the establishment of paper mills in the Holyoke Area is supplementary to the one already mentioned. One of the principal ingredients of paper is water. It is used to carry the cellulose to the wire and rollers of the paper machine and for scores of other auxiliary operations in the paper mill. It has been estimated that, in order to make one ton of paper, it requires 100,000 gallons of water.²

1. Anna U. Scanlon, History of Holyoke, Massachusetts, Holyoke Public Schools, 1939, pp. 13-24.

2. Helen U. Kiely, Paper Facts, taken from a chart listing amounts of water used in paper mills which was in Part IV of a collection of personal papers collected and filed by Helen U. Kiely during her many years of employment with the American Writing Paper Company.

The Connecticut River and the canal system in Holyoke provided the paper producers with an abundant supply of water. In addition, the papermakers of the area discovered that the acidity content of this water was just right for manufacturing paper. Chemical treatment of the water was unnecessary, and this was a great convenience to the local mills.

The cost advantages derived from cheap continuous power and pure process water were most influential in bringing paper mills to the Holyoke Area. Other important considerations were the proximity of the mills to a good supply of rags. The textile industry of the region provided abundant quantities of cuttings which are the most useful type of rags for the manufacture of paper. Transportation facilities included a railroad and good roads, and, since freight transport was relied upon heavily, this was also an important consideration. For the several reasons mentioned above, the paper industry in the Holyoke Area grew and prospered during the first four decades of its existence.

The local paper mills established a reputation for producing high-grade writing papers of all kinds. Most of the mills were rag content fine paper mills. When wood pulp came into use as a raw material, several local mills began making cheaper papers. Even at the turn of the century the major part of Holyoke's paper output was rag content papers. Late in the nineteenth century, several mills switched to making board and they have continued to do so down to the present. Although they would not be considered so today, several of the

local mills were quite large, employing 200 or more workers. In all, about 3700 workers were employed in the local paper industry at the turn of the century.¹

Family ownership of many of the paper companies had been the rule since they were founded in the 1860's and 1880's. The founders of the companies would pay off their initial debt and then, by putting earnings back into the company, they would finance any additional expansion. With very few stockholders and little need for outside financing, the paper company that was family owned had reached by 1900 a prosperous point in its development.²

The depression years in the middle 1890's placed several of the Holyoke paper companies in difficult financial positions. The competition in the fine paper field had increased greatly since the Civil War. The industrial expansion in the 1870's and 1880's resulted in sharp competition throughout the paper industry. The paper manufacturer had been trying to solve the problem of price reductions for some time. Production regulating and price strengthening agreements were known as far back as the 1860's. By 1899 the use of business combinations had become common, and paper producers now turned to this method to solve their problem.³

1. Constance M. Green, Holyoke, Massachusetts - A Case History of the Industrial Revolution in America (New Haven, 1939), p. 213.

2. Ibid., pp. 82-92.

3. Ibid., p. 145. Holyoke Transcript, January 3, March 28, 1874 and June 26, November 20, 1875.

What better place to organize a large homogeneous combination than in Holyoke, where so many mills were located, most of which made fine papers? In 1899 the idea of promoters, who had tried for several years to interest various owners of paper mills in Holyoke in their plan, was realized. The American Writing Paper Co. was formed in July 1899 as a corporation under the laws of the State of New Jersey.¹ The men heading the company were bankers and financiers who either owned a small interest in one or two of the local paper companies which the trust purchased, or were interested in investing in order to obtain interest on their bonds or dividends on their stock. Both the original promoters and the final agents were brokers and not paper manufacturers. The result was that these men were primarily interested in marketing the stocks and bonds, and not one was concerned with the manufacture of paper.

When first approached, the Holyoke mill owners refused to sell. The downturn of business in the middle 90's put several companies in precarious financial positions, however, and made their owners more receptive to the idea of selling the companies. One by one companies were sold in 1898 and early 1899. The companies were bought out by the "trust" in most instances. Other company owners were given stock in the

1. History and Property of American Writing Paper Co. Inc., Holyoke, Massachusetts, pamphlet in Holyoke Public Library, written May 18, 1933. Hereafter referred to as History of American Writing.

"trust." Several of the companies in more favorable financial positions held out long enough to get substantial sums of money for their plants. Several of the companies were able to receive much more than they were really worth because of the age of the plant. By July 1899 there were fifteen paper companies in the "trust." At the very end of negotiations a large well-equipped company was added to the total by one of the Newton brothers, who received only stock certificates in return.¹ The total then became sixteen paper companies with eighteen plants. Along with the paper companies in Holyoke, there were thirteen out-of-town paper companies that were purchased by the "trust." These companies were scattered from Lee, Massachusetts to De Pere, Wisconsin.²

The large number of mills and the concentration of so many in one area made the company somewhat distinctive. When it was organized, and for a few years after this time, the "trust" controlled seventy-five per cent of the total fine paper output of the United States. In the Eastern part of the United States control reached as high as eighty per cent of the total fine paper production.³ The "trust" was a monopolistic giant in the paper industry. It was well suited to undertake the job of price leadership and production control which its owners believed would result in more stability of

1. Green, Holyoke, Massachusetts, pp. 192-93.

2. History of American Writing.

3. Western New England 1(1):7-8.

production and profits throughout the industry. The remaining independent paper companies in Holyoke numbered six, and these were expected to join the "trust" after they had observed how successful it was. A complete picture of the Holyoke paper industry in 1900, after the formation of the "trust," would show a total of twenty-two paper mills. Sixteen of these would be found in the "trust," and six still remained independent companies.¹

The American Writing Paper Co. assumed the role of the largest and most influential business organization in the City of Holyoke after its formation. While the textile companies in the city were large, they were far less numerous than the paper companies. Developments in the paper industry were still the most important industrial events in the city. More workers, capital and production were affected than any other industry in the area. Since it was so large and impressive looking on paper, the "trust" was expected to bring many economic benefits to the city as well as the entire paper industry. However, difficulties within the "trust" were encountered soon after the twentieth century began; and the great concern never seemed to be far removed from difficulties after that time.

1. Holyoke City Directories 1898-1902 (Manufacturing Section).

CHAPTER II

The "Trust" from 1900 to 1930

As it was originally formed in 1899 with thirty-one mills scattered throughout the Northeastern section of the country, the "trust" was a very loose organization. Most of the mills had been independent paper companies before they were sold, and their individual managements were still running the mills after they became members of the "trust." The main office was in Holyoke where sixteen of the mills were located. A gap existed, therefore, between the practical paper makers, who were running the mills, and the executives, who were principally financiers and who knew little about the practical aspects of papermaking. The practical manufacturers gave up trying to do things the way they thought best and simply took orders or dropped out of the "trust" to take other jobs. Mr. George C. Gill, who was a vice-president of the "trust" for a few years, went into the field of banking.¹ Also, Clifton Crocker and Frank Elwain withdrew from their executive positions within the "trust" and decided to begin their own paper mill. This they did very successfully, as we shall see. The responsibilities of running the mills were great, and the men assuming them did not shoulder the burden capably.

It is indicative of the fluctuating and contradictory policies followed by the management of the "trust" that in 1903, when the employees asked for higher wages, they were

1. Green, Holyoke, Massachusetts, p. 193.

Table I

List of Companies Incorporated into the
American Writing Paper Company
under the laws of the State of
New Jersey, June 30, 1899

- | | |
|---|---|
| 1. Agawam Paper Co.
Mittineague, Mass. | 16. Mt. Tom Paper Co.
Holyoke, Mass. |
| 2. Albion Paper Co.
Holyoke, Mass. | 17. Nonotuck Paper Co. (2 mills)
Holyoke, Mass. |
| 3. Beebe and Holbrook Paper Co.
Holyoke, Mass. | 18. Norman Paper Co.
Holyoke, Mass. |
| 4. Chester Paper Co.
Huntington, Mass. | 19. Oakland Paper Co.
Manchester, Conn. |
| 5. Connecticut River Paper Co.
Holyoke, Mass. | 20. Parsons Paper Co.
Holyoke, Mass. |
| 6. Crocker Manufacturing Co.
Holyoke, Mass. | 21. Platner and Porter Paper Co.
Unionville, Conn. |
| 7. George R. Dickinson Paper
Co., Holyoke, Mass. | 22. Riverside Paper Co. (2 mills)
Holyoke, Mass. |
| 8. Eaton May and Robbins Paper
Co., Lee, Mass. | 23. Shattuck and Babcock Co.
De Pere, Wis. |
| 9. Esleek Paper Co.
Holyoke, Mass. | 24. Springdale Paper Co.
Springfield, Mass. |
| 10. G. K. Baird Paper Co.
Lee, Mass. | 25. Syms and Dudley Paper Co.
Watervliet, Mich. |
| 11. George C. Gill Paper Co.
Holyoke, Mass. | 26. Hurlburt Manufacturing Co.
South Lee, Mass. |
| 12. Harding Paper Co.
Franklin, Ohio | 27. Wauregan Paper Co.
Holyoke, Mass. |
| 13. Holyoke Paper Co.
Holyoke, Mass. | 28. Windsor Paper Co.
Windsor Locks, Conn. |
| 14. Linden Paper Co.
Holyoke, Mass. | 29. Hurlburt Stationary Co.
Pittsfield, Mass. |
| 15. Massasoit Paper Co.
Holyoke, Mass. | |

Source: History and Property of American Writing Paper Co. Inc.,
Holyoke, Massachusetts, pamphlet compiled by American
Writing Paper Company, 1933, pp. 1-3.

informed that the \$50,000 annual increase in wages which would result from these demands would be much more than the trust could afford to pay. A strike resulted from this refusal, and another demand by the workers for shorter hours. Just one month after the strike was finished a wage increase was granted by the company, which was substantially like the one requested by the workers.¹ It was essential to the success of the trust that labor troubles be avoided, and poor management on the part of the trust helped precipitate such costly strikes. Between the years 1902-1905 strikes and other labor troubles cost the fine writing paper mills of the trust about 10,000 tons of output.²

The American Writing Paper Company, with a dominance over the entire writing paper industry of the United States, was faced with other problems. After a highly successful year in 1902, when net earnings of the "trust" were so high that a payment of five per cent on the cumulative preferred stock was sanctioned, the disastrous and lengthy strike of 1903 helped to make the executives of the company more conservative. When a proposal for spending a large sum of money on improvements was made in 1903, it was promptly rejected.³ The officials of the company were more concerned with reducing the bonded indebtedness which was the result of great overcapitalization

1. Holyoke Transcript, June 7, 15, 28, July 8, 1901.

2. Western New England 3(7):310-312.

3. Green, Holyoke, Massachusetts, p. 228.

from the very inception of the trust. The independent paper manufacturers soon realized the "trust" was more concerned with reducing indebtedness than with modernizing plants and equipment and, thereby, maintaining control of the market, which, after all, was the purpose for the formation of the "trust." The executives of the company were used to thinking in terms of thousands of dollars; but when a million-dollar-plus spending program was put forth, they could not think in terms of the size of the "trust."

At the end of 1906 it was clear that the "trust" had lost the sought-for domination of the writing paper market. Competition with independent mills had to be faced, and this form was growing. No better evidence of keener competition could be cited than the new Crocker-McElwain Company which was directly competing with the "trust" both in Holyoke and in the market for fine papers generally. Dividends had not been paid on the common stock since the "trust" was formed; and in 1907, when the directors decided to reduce the capital stock from \$25,000,000 to \$22,000,000, not enough stockholders could be located to form the necessary majority.¹ It is little wonder, then, that as early as 1905 recapitalization and reorganization were being talked about for the "trust."

After several years of profitable operations, the American Writing Paper Company was caught in the money panic of 1907. The depression which followed the panic lasted for several

1. Green, Holyoke, Massachusetts, p. 230.

years, and orders dropped drastically. A building program of limited dimensions was immediately abandoned by the "trust," thus increasing unemployment and delaying business recovery. In 1908 a serious water shortage developed in the Connecticut River, and non-permanent mill power owners suffered because steam power had to be substituted, and this method of power manufacture was much more costly.¹

As 1909 drew to a close conditions in the paper industry improved, and in the period 1910-1912 business was very good.² Both the independent mills and the "trust" made money. Looking at the dividend history of the "trust," we find dividends paid on the preferred stock in the following years:

1908 - 2%	1911 - 2%
1909 - 1%	1912 - 2%
1910 - 2%	1913 - 1% ³

These payments are placed in their proper perspective by the fact that the cumulative preferred stock had a seven per cent dividend rate, and the nearest the "trust" ever came to that was five per cent. No dividends on the common stock had ever been paid. Despite these profitable years, the recession of 1913-1914 hurt the "trust" severely.

Raw material prices rose in 1913, and again in 1914 with

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1. Green, Holyoke, Massachusetts, p. 231.
 2. See Table II, p. 13.
 3. Green, op. cit., p. 231, fn. 10.
Holyoke Transcript, February 16, August 19, 1910;
February 8, 18, 1911; December 19, 1912.

Table II
Principal Data for the Holyoke Paper Industry
(for selected years) 1907 - 1950

Year	No. of Est.	Capital In-vested in Production	Value of Stock and Materials	Wages Paid	Average Yearly Earnings	Product Value	Average No. Wage Earners Employed
1907	24	\$ 8,717,593	\$ 7,780,074	\$2,196,952	\$ 482.74	\$12,862,445	4,551
1909	23	14,036,314	7,243,648	2,210,881	493.50	12,304,800	4,480
1910	21	12,946,923	7,781,939	2,194,477	500.22	12,589,948	4,367
1912	22	13,636,252	8,300,732	2,486,941	538.77	13,706,646	4,616
1913	21	14,094,157	8,615,521	2,508,014	537.16	13,724,604	4,669
1914	21	13,885,129	8,271,811	2,486,794	530.34	13,178,525	4,689
1916	21	14,930,670	10,943,524	3,004,830	694.44	20,386,071	4,327
1919	20	26,738,884	13,011,879	4,043,999	1,114.66	21,375,894	3,628
1921	21	N.A.	10,516,538	3,369,280	853.41	14,415,924	3,948
1924	21	27,609,292	12,626,369	4,466,251	1,182.05	21,501,678	3,819
1926	22	26,397,559	13,966,638	4,760,033	1,253.96	24,494,985	3,796
1928	20	25,952,092	10,887,546	4,276,151	1,177.03	20,925,133	3,633

1930	17	\$23,189,870	\$ 8,793,885	\$3,655,988	\$1,252.47	\$17,335,478	2,919
1932	15	16,851,460	3,662,569	1,975,018	912.24	8,223,470	2,165
1934	15	14,648,881	4,943,600	2,212,085	945.73	10,176,462	2,339
1935	15	N.A.	6,421,173	2,619,556	1,026.47	12,199,089	2,552
1936	15	16,086,715	7,081,560	2,893,136	1,171.78	13,980,242	2,469
1938	15	16,240,894	6,389,097	2,637,261	1,119.38	12,603,875	2,356
1940	15	16,367,005	7,245,253	2,795,935	1,209.83	14,596,711	2,311
1942	14	16,055,185	9,740,136	3,774,032	1,595.11	19,841,301	2,366
1944	14	18,835,670	11,194,394	4,372,836	2,050.08	22,611,666	2,133
1946	14	19,846,826	14,249,586	5,330,785	2,292.81	27,018,245	2,325
1947	14	N.A.	20,758,425	6,480,216	2,646.06	34,609,164	2,449
1948	14	20,941,048	18,292,920	5,762,434	2,593.35	29,545,378	2,222
1949	14	20,048,535	14,084,934	5,309,943	2,572.64	25,508,367	2,064
1950	14	22,278,764	17,378,443	5,960,167	2,943.29	30,921,170	2,025

Source: Census of Manufactures (selected years) Holyoke, Massachusetts
 Paper Industry, Commonwealth of Massachusetts,
 Department of Labor and Industries.

the outbreak of World War I in Europe. Rags were imported in large quantities by many of the mills in the United States, and the scarcity from 1913 on forced prices to very high levels. In the same period the revenues of many mills were reduced by a lessening of demand brought about by overproduction in the preceding four years. Thus, costs were rising and sales decreasing. This situation was most oppressive to the writing paper and book paper manufacturers because many of their raw materials were imported. Besides rags, large quantities of wood pulp, clay, bleaching ingredients and paper machine wires were imported.¹

The Holyoke mills were, of course, affected adversely by these events. The American Writing Paper Company was affected more than the independents because of its size. A very severe drought in 1913 forced increased use of coal for steam and, consequently, operating costs took another jump. In 1914 the water situation was only slightly better, and prices abroad were worse as the war actually began. The result was a \$100,000 deficit by the end of 1914.² In 1915 the "trust" was unable to meet the interest on the bonds, and the directors submitted to reorganization.

In the course of reorganizing, both the bondholders and stockholders of the "trust" had surveys made to determine the exact condition of the company so future policy could be de-

1. Holyoke Transcript, August 10, 1914.

2. Ibid., August 10, 14, 1914.

cided upon. The bondholders hired an experienced engineer, Mr. John G. Callan, to make the survey for them. He produced the best economic report on the "trust" ever written. The report was submitted in 1915. Mrs. Green, in her book "Holyoke, Massachusetts," interprets the "Report to The Bondholders" Committee of the American Writing Paper Company by John G. Callan as follows:

The report to the bondholders' committee contended that real estate, plant and equipment were adequate security to cover the amount of the outstanding bonds, provided there was neither forced sale nor complete shutdown. Responsibility for the sorry state of the company, the report continued, had to be fairly placed upon the old management. Though the men operating the company were able manufacturers, they had failed to grasp the need of large-scale, closely coordinated operations and a wide view of business opportunities and demands. The incentives of individual proprietorship were gone, and no reward to initiative and conspicuous ability had been substituted. No one knew which lines were profitable and which were not, or, more than in a very general way, what each mill could best make. Closer cooperation, broader vision, properly kept costs, and incentive to hard work by recognition of ability were essential for success in the future, whether the financial problems were met or not.¹

It is clear that the engineer, Mr. Callan, understood the poor management and financial position of the "trust."

Mr. Callan's recommendations for reorganizing the American Writing Paper Company were only partially carried out, however, because of differences between the bondholders and stockholders. The former wanted a curtailment of salaries and running expenses, and the latter wanted a scaled-down value

1. Green, Holyoke, Massachusetts, p. 233.

on the bonds of the "trust." The reorganization was held up for a time because these two groups could not be united in taking some concerted stand.¹ In the meanwhile, 1916 had been ushered in, and the dispute was brought to an end by a genuine strong increase in the demand for paper. This increase in demand is evidenced by the fact that at one time during 1918 the mills of the "trust" were operating at 150 per cent of rated capacity.² As the orders increased steadily and the individual mills of the "trust" began operating at capacity-plus, a strong feeling of optimism within the company gave hope that the "trust" was once again to play a successful role in the paper industry in the Holyoke Area.

The "trust" about this time was made up of thirteen divisions with fifteen mills in Holyoke. Besides these, there were ten divisions with thirteen mills outside of Holyoke. Actually the "trust" had been reduced by two divisions in the years since it was founded. One division had been merged with another to form one large mill. The other division was dropped from the "trust," and no record of it is available.³ The relative position of the "trust" in the local paper industry and in the paper industry throughout the country is expressed in the following tables:

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1. Green, Holyoke, Massachusetts, p. 233, fns. 13, 14.
 2. Holyoke Transcript, January 15, 17, June 21, July 18, August 5, 1918; December 3, 1919. See "Explanation of Rated Capacity" in Appendix B, p. 147.
 3. History of American Writing.

Table A¹

Holyoke Paper Industry 1910

Total Capacity All Holyoke Mills . . .	.381	Tons Daily
Total Capacity Four Neighboring Mills. . .	<u>33</u>	" "
Total Capacity Holyoke Area Mills . . .	.414	" "

Table B

Capacity of Trust 1912

Total Capacity Holyoke Divisions . . .	.243	Tons Daily
Total Capacity Non-Holyoke Divisions . . .	<u>86</u>	" "
Total Capacity of Trust . . . . .	.329	" "

Table C

Writing Paper Production United States 1910

United States Total . . . . .	.673	Tons Daily
Massachusetts Total . . . . .	.332	" "
Trust Total in Holyoke Area . . . . .	.243	" "

Table C illustrates the diminishing percentage of writing paper production made by the "trust." No longer did it enjoy control of seventy-five per cent of the writing paper production of the United States. Since it was formed in 1899 the paper industry had grown continually. The American Writing Paper Company was not growing along with the industry.

The "trust" was affected mostly by the ups and downs of business after the War. After the boom of 1916 had saved the

1. Tables A, B and C are derived from tables given in Western New England 1(1):7 and 8.

Table III
 List of Divisions of
 The American Writing Paper Company
 in 1910
 with Rated Capacities

<u>In Holyoke</u>	<u>Pounds Per Day</u>
1. Albion Paper Company	40,000
2. Beebe and Holbrook Paper Company	30,000
3. Crocker Manufacturing Company	50,000
4. George R. Dickinson Paper Company	60,000
5. George C. Gill Paper Company	40,000
6. Holyoke Paper Company	20,000
7. Linden Paper Company	30,000
8. Mt. Tom Paper Company	20,000
9. Nonotuck Paper Company (2 mills)	45,000
10. Norman Paper Company	45,000
11. Parsons Paper Company	32,000
12. Wauregan Paper Company	56,000
13. Riverside Paper Company (2 mills)	<u>18,000</u>
Total	486,000
 <u>Non-Holyoke Division</u> 	
1. Agawam Paper Company, Mitteneague, Mass.	20,000
2. Chester Paper Company, Huntington, Mass.	6,000
3. G. K. Baird Paper Company, Lee, Mass.	4,500
4. Hurlburt Paper Company, South Lee, Mass.	10,000
5. Windsor Paper Company, Windsor Locks, Conn.	68,000
6. Oakland Paper Company, Manchester, Conn.	7,000
7. Platner and Porter Paper Co., Unionville, Conn.	6,000
8. Syms and Dudley Paper Co., Watervliet, Mich.	Idle (1910)
9. Harding Paper Company, Franklin, Ohio	19,000
10. Shattuck and Babcock Co., DePere, Wis.	<u>32,000</u>
Total	172,500
	<u><u>658,500</u></u>

Source: Western New England (Springfield Board of Trade,
 Springfield, Mass.) 1(1):8

company from bankruptcy, its financial situation improved through 1917 and 1918. In 1916 the highest profit in its history was recorded, \$2,524,378. In 1917 profits dropped to \$150,287, but again in 1918 the large figure of \$1,252,629 was realized as profit.¹ These figures are vastly different from the average profit for the ten-year period of 1906-1917 (not including 1916) which was \$342,968.² As a result of the large profits during the war prosperity, reorganization was put off for what company officials hoped would be indefinitely. This was not to be, however.

When the Armistice was declared the paper industry was affected greatly. Orders immediately dropped, and a slump set in that lasted until the beginning of 1920.³ This recession was the inevitable result of the end of World War I. Paper mills throughout the country had been running over capacity for several years, and most of this paper had been in demand and there was good turnover on wholesalers' and agents' shelves. By the end of 1918, however, paper stocks were high along with inventories of the wholesalers and jobbers. Soon after the Armistice, in anticipation of being caught with large supplies in a declining market, these buyers halted orders; and the result was a decided drop in paper production.

1. Moody's Industrials, Vols. 1917-1919.

2. Holyoke Transcript, February 28, May 1, June 20, 1919.

3. See Table IV, p. 21.

Table IV

Paper and Board Capacity, Production and Per Cent
of Production to Capacity¹

Year	Capacity	Production	Per cent of Capacity
1899	2,782,219	2,167,593	77.9
1904	3,857,903	3,106,696	80.5
1909	5,293,397	4,121,495	77.9
1914	6,439,787	5,152,705	80.0
1917	7,000,000	5,803,808	82.9
1919	7,671,043	5,966,076	77.8
1920	8,540,000	7,185,122	84.1
1921	8,614,163	5,333,397	61.9
1922	8,970,000	6,874,834	76.6
1923	9,725,349	7,870,756	80.9
1924	10,500,000	7,929,985	75.5
1925	11,623,450	9,001,742	77.4
1926	12,000,000	9,794,086	81.6
1927	12,536,090	10,002,070	79.8
1928	12,933,200	10,403,338	80.4
1929	13,704,480	11,140,235	81.3
1930	13,643,100	10,169,140	74.5
1931	13,971,700	9,381,840	67.1
1932	13,728,040	7,997,872	58.3
1933	13,728,040	9,190,017	66.9
1934	13,888,310	9,186,598	66.1
1935	13,985,960	10,479,095	74.9
1936	14,458,090	11,975,552	82.8
1937	15,572,850	12,837,003	82.4
1938	16,191,300	11,380,814	70.3
1939	16,557,410	13,509,642	81.6
1940	16,890,970	14,483,709	85.7
1941	18,522,000	17,762,365	95.9
1942	18,772,000	17,083,862	91.0
1943	18,830,000	17,035,688	90.5
1944	19,260,000	17,182,804	89.2
1945	20,282,050	17,370,965	85.6
1946	20,420,000	19,277,667	94.4
1947	22,025,476	21,114,000	95.9
1948	23,240,000	21,921,757	94.3
1949	23,954,000	20,315,436	85.0
1950	24,481,000	24,377,222	99.5
1951	25,279,000	26,100,000	103.2

Sources: 1899-1941 - U.S. Census Bureau.
1941-1951 - American Paper and Pulp Association.

1. Capacity figures are based on 310 operating days per year.

These men miscalculated, however, because demand did not drop as rapidly or as deeply as they suspected. The result was that late in 1919 orders again began flooding the market, as the supplies of wholesalers dropped, and by early 1920 the paper industry was again booming. In 1920, however, a real recession set in and the paper industry was one of many industries adversely affected by it. In the paper industry the chief cause was overproduction. The improvements and increased capacity of the war years had finally made supply greater than demand, and the market was "glutted." Not until 1924 was the paper industry again able to call itself prosperous.

As a result of the recession in 1919 the "trust" lost about \$500,000 in the first six months of that year. In 1920 the net profit rose to \$1,687,673, which was the highest the company ever made except for 1916.¹ When the depression of 1921 came the "trust" found itself in a particularly helpless situation. It cut its operations to fifty per cent of normal and continued into 1922. The management tried to revive sales by instituting an advertising campaign. This failed to bring the desired increases. Next, prices were cut, but this failed also. Finally, both wages and salaries were decreased, but to no avail. In 1923 the company went into receivership with Mr. S. L. Willson, appointed receiver.²

It would come as a great shock to many people to read

1. Moody's Industrials, Vols. 1920-1923.

2. History of American Writing.

that this large "trust" had been put into receivership, when, as recently as the period 1916-1919 the company had reduced its bonded indebtedness by about eight million dollars. There was even some hope at this time that by 1920 a large enough number of bonds could be redeemed so that payments could begin on the preferred stock (on which dividends in arrears amounted to over 100 per cent).¹ To really comprehend the failure of the "trust," it is necessary to go back to 1914-1915 and realize at that time the "trust" was only saved by the exceptional year of 1916. The demand created by the war only served to delay the actual demise of the company. It was so close to financial downfall in 1915 that the two or three good years until 1923 made little difference. Most of the bankers, merchants, real estate men and city officials knew the "trust" was on its way to financial ruin. They knew it would come, but they did not know when. They did not have long to wait as bankruptcy papers were filed in 1923.

The failure of the American Writing Paper Company in 1923 was caused primarily and historically by poor management. The "trust" in the period 1899-1923 presents a classic example of a mismanaged company. The original organizers of the "trust" were financiers, and they overloaded the firm with capitalization. As history proves, the claims made in 1899 that the "trust" would be a great financial success were never fulfilled. The expected profits never materialized for the stockholders,

1. Green, Holyoke, Massachusetts, pp. 234-235.