

This is an interview with George H. Weyerhaeuser, recorded Friday, January 27, 1984.
This is Tape I, side one.

Weyerhaeuser

You're going to be dealing with a lot of things that are, or will appear, different looking from today's perspective. That will not be good from a historical perspective. What I'm saying is that I think it's hard to recapture the moments. It's a lot easier to talk about them from today's perspective: What do I now think of something that happened back when? It's different, but that's what you'll get.

Edgerly

Any good researcher or anyone who's coming to this interview in the future to look for information is going to accept the fact that this interview was conducted in 1984 and consequently is done from that viewpoint, that vantage point. Part of using oral history well is accepting that fact.

Weyerhaeuser

It is different. I want to be accurate in what I'm telling you. Nothing stands still and you accumulate a whole lot of reactions and experience. If you're worth your salt, it is a passing parade even though you've been through the parade. You're a changing entity yourself, that is what I'm trying to say. So my present perceptions are influenced strongly by my current preoccupations. In 1966 they were an entirely different set of both experiences and preoccupations. So (this interview is) in that context, unless I were to go back, which I don't do (I neither read nor try to reconstruct history). There is a process one goes through of change and accumulation: you accumulate and you shed. It's a process of mental health, perhaps. You don't drag circumstance A or B or C or D with you. To put yourself back in that frame of reference and mind, that's an exercise that is not impossible, but it is not normal, nor do I spend a lot of time (on it).

So the things that I bring today in recollections and perception are highly sorted and therefore, disproportionate in many respects and reflections.

Edgerly

I don't know whether I can do this, but maybe some of my questions will help you to go back and place yourself, just momentarily, in that circumstance. And if not, then we'll see how we do with it. There's no way that we can separate your family from this

company in any major way. Your family and the company exist as two separate ways of life, but at the same time, Weyerhaeuser Company has existed all your life. I'd like to begin with as early a period as we can in terms of your memories, which would take us back to the early '20s. I do know that your parents married in 1921 and I think they returned almost immediately from Seattle to Idaho, where J. P. was taking an assignment with Edward Rutledge. Then in '25 he became the general manager of Clearwater. One of his duties in that position was to oversee the construction of the mill in Lewiston. I wondered how it is that given the fact that they were living in Idaho, you were born in Seattle?

Weyerhaeuser

Mother's from Seattle. It was the summertime and I think she, in those years in Idaho normally or frequently in the summertime, came over to the coast. I know that we spent time on the Oregon coast, we spent time over in Seattle. And I think it had to do with the fact that they were western Washington in origin and Idaho is hot and not as nice a place as here in the summertime, and she had her family here. Also, I think that Lewiston's medical facilities were not all that great. My brother and sister, I know, were not born in the middle of summer, but they were born in Spokane. So she went to Spokane to the hospital and they were born there. I think probably summertime had something to do with it and she came back to Seattle where her mother and father were and where she went to school and grew up and all that. That's my surmise of it. Obviously that involved a different doctor and everything else. There was a doctor in Spokane that she used for a long time. I don't know what happened over here.

I never thought about this, but I guess probably we were living in Coeur d'Alene. I'm not sure when the transition (came) from Lake Coeur d'Alene, which was where the Rutledge mill was. They lived up there, I'm not sure when we actually moved down to Lewiston, in relationship to my birth.

Edgerly

I imagine it was around '25, because '25 was when your dad was appointed general manager.

Weyerhaeuser

The mill was under construction then, I think, at Lewiston. In any event, my early days were certainly associated with Lewiston irrespective of when the exact time of the move was. We did not spend any significant amount of time in Seattle. It was just the coincidence of summer and family, I think, that took her back to Seattle.

Edgerly

What are your earliest recollections of Lewiston then?

Weyerhaeuser

Oh, just associated with the home. We had a great time, the three of us. Just as with any other, I suppose, small child, the memories are of the family and the house. I thought it was an immense place. Upon revisiting, typically, it's not so immense.

Edgerly

What was the house like?

Weyerhaeuser

It was a house they built up on the hill there. It was a big, three-story affair. We lived upstairs, the kids, and we had a marvelous yard and lots of fun. There was a driveway we sledged on and skated on, swings in the backyard, trees. We had a marvelous time with my brother and sister there. There were quite a few kids in the neighborhood. We saw a little bit of Rick Billings in those days. His father was mill manager. I went to school for one year, I think, in Lewiston. I went to the Lewiston State Normal School there for teachers. Most of my recollections are associated with that yard, a little bit of school and we used to go out to a place out on the river out there where we had a lot of fun in the summertime. We took a river trip or two. Dad took all of us and other kids and families. We went down the Clearwater River on a log raft with a hole cut out the center and an outboard motor stuck down the middle of it. Every time we'd go about a mile or so, we'd hit bottom and shear a propeller cotter pin. We'd take probably three-day or four-day trips going down the river, which was our recreational equivalent of the floating camps, which is where he got the name for his boat, the "Wanigan". So I remember the swimming and the river recreation, and great summers, hot, pleasant. My recollections of what he was doing in the mill are all reconstructions. I don't have any impression of the mill or business from those days other than talking to him subsequently. It was a great period in his life. He enjoyed Idaho immensely, the

responsibility and the things that they were doing over there. He always had a continuing interest through his life in the Idaho operations. I think there were three separate companies which were combined into Potlatch Forests - Rutledge, Potlatch and Clearwater Timber.

Edgerly

They were at the time.

Weyerhaeuser

I think the Lewiston mill was Clearwater Timber Company.

Edgerly

Did he ever take you or Ann or Flip down to the millsite?

Weyerhaeuser

Yes, I think so, but you know, at age five or whatever, what you remember is a little bit about the other kids and your house. It was a great place to live at that time. My family enjoyed it. I have very positive memories about it. We came over here in 1933, I think, maybe '32.

Edgerly

Do you remember any of your father's associates from that time period? Any people he worked with?

Weyerhaeuser

I think primarily because I knew them later, people like Bill Billings and Jim O'Connell, who ran one of the mills later and was there then. I remember a little bit of the doctor who lived next door, but not business in the sense that business people were in our home or that I had any contact with at all. Of course, in the later days, I got a little more familiar. I was on the Potlatch board for awhile, when I was at Springfield. This would have been in the '50s and I used to go over to Lewiston. My memories of people and all tend to be created in that period, the '40s and '50s, rather than in the late '20s.

Edgerly

Do you remember how you felt about the move from Lewiston to Tacoma in 1933? That's kind of a difficult thing for a kid sometimes.

Weyerhaeuser

Not really. It's a big move to go to a new school, but when you're in the...I can't honestly even remember, I think I was in kindergarten or first grade in that normal school. I think when I came here I started right in the first grade in Lowell School, so it sounds like I was in kindergarten there. I don't know why I would have been going to a normal school. I do remember the school. It wasn't that I had been in a school for a substantial period of time and formed friendships and all that and then had to leave them. It was more leaving the home and the neighborhood than would have been true if you'd been in the fifth grade or something; then it may have been a lot bigger shift. So my entire school influence and all was from one neighborhood in Tacoma, walking or riding a bicycle to Lowell School, which was only a mile away, and Mason Jr. High School in Tacoma, which was farther up in the north end. There are lots of recollections there, kids and friends. Some of those people are good friends to this day. So Tacoma really, playmates, school, friends, is the primary thing that sticks in my mind and experience.

Edgerly

Do you have memories of your grandfather, J. P. Weyerhaeuser, and of Anna, whom you probably just knew as your grandmother, although, of course, she was not your father's mother?

Weyerhaeuser

Yes. I was not aware of that until 20 years later or something like that. Grandfather lost his wife shortly after Dad was born. So for all visible purposes, Grandmother was our grandmother and we used to see them quite frequently. They didn't live all that far away, out in the north end in Tacoma. We used to go out there and play. I have lots of memories of the gardens out there. Grandfather, from my vantage point, was always interested in us. He was fun to talk to. He'd come out and fool around with us. They had a lot of rolling stock that we'd play around out on there in the early '30s. I guess the only period I'm talking about is two years. I think he died in 1935. But those memories from ages seven to nine or whatever are, surprisingly, pretty clear. I associate with that, his home, their home out there, more with Grandfather in a way, which is a little surprising. I can remember him a little more clearly than I do my grandmother.

Edgerly

Was he in good health in those years?

Weyerhaeuser

As far as I knew, he was. Of course, I've read the histories (and know of), both health, psychological and other problems that Grandfather had, but he was just tremendous as far as I was concerned. It was all kind of some combination of warmth and interest. He was a big man and we enjoyed him and also them and going there. It was nice to be near grandparents.

Edgerly

Do you remember ever seeing him in casual clothing?

Weyerhaeuser

No. I think of him in a suit.

Edgerly

In all the pictures I've ever seen of him, he was wearing a suit.

Weyerhaeuser

Now, I suppose that can be also a reconstruction, because that's exactly my impression. But I have nothing to refute it. I didn't think of him as being stiff and formal necessarily, but I certainly did think of him being in a suit, in contrast to my dad, who even when he had a suit on, it was a little hard to tell. And I'm not sure that we're any different, but dad was a lounging type of guy. Grandfather was not. In my experience, I don't associate Grandfather, at my age then, with any particular business concerns or anything else. Whereas with Dad, of course, probably in his later years too, when I was with my father you didn't separate business out as something that was remote and threatening and different. And I don't mean by that that he was preoccupied in the sense that he brought home all of his business problems and worked them at night. That's not my impression. But his business associates were his friends and through the years we met quite a few of them in a social sense, as far as I was concerned. Many of them would come and spend a day or a weekend. So some of the people that I remember, I remember as friends and as fun to have around. Obviously, they were interested and Dad always was interested in what was going on. It was a very large part of his life, but he was not a workaholic in the

sense that ten pounds of material came home every night. It didn't; the evenings were family.

Edgerly

Do you remember when your grandmother died? I think she died in '33, as I recall.

Weyerhaeuser

I don't think it was '33, because I didn't get here until '33. Perhaps my recollections of seeing her were from visits when we were still living in Idaho. If you hadn't said that, and then I'll have to check myself, my impression was that she died after Grandfather, but now when I say that, I don't remember Grandmother by herself.*

Edgerly

It seems to me she died two years before he did, but I may be mistaken about that. I'll check. How did you feel about that house which had a kind of grandeur to it?

Weyerhaeuser

Oh, it was super. It was a super place. It didn't awe me. I remember rattling around up in the corridors, up in the top of the thing, empty kind of. There was a third floor section up there. We had, and I think Grandfather had, some wonderful, in both cases, Scandinavian ladies that worked for them. We had a Scandinavian cook in our second place we lived in. This would have been in 1936 probably at our house, but they had help there in that big place. I remember Grandmother and, I think, Grandfather out putting salt on slugs. There were slugs all over the place. My impression was it was more garden than anything and wonderful. Then they had a little room which was kind of a sun room, which had a hard floor. It was a wonderful place where we could sit around and play sometimes. They had a great big patio or porch out facing Puget Sound. We used to rattle around out there, play around, and loved it. Then they had a large walled area with a lot of lawn - I think he had a little putting green there. I'm not sure it was all that formal, but it was for putting and croquet and that sort of thing out on the lawn. We used to horse around out there. That's on the street side.

* Anna Weyerhaeuser died April 23, 1933.

So my recollections are mostly outdoors, although they had a stupendous, awe-inspiring, organ in the main hall. That was beautiful and I don't remember who played it. I think Grandmother did, but it was played. That was, to say the least, different. Then they had a great big dining room and a big long table which we took later on and we had afterwards. So that was a big, formal experience. We ate there a few times, I guess. So that the whole place was, I suppose you could say of a size and scale that to small children was great to explore and we enjoyed it. It was a fun place to go.

Edgerly

Conversely, what about your recollections of your mother's parents and her family? We have really no information at all about them, outside of what I have read about George Hunt.

Weyerhaeuser

Of course, he died before I was born. So my recollections about him are Mother's and from what little bit I've read. Mother would talk about him and she and I thought maybe I'd be a lawyer and follow in his footsteps. We used to talk about that from time to time. I sort of thought I'd like that until fairly far along when I was growing up. The idea's repugnant to me at this stage of my life.

Edgerly

So I've heard!

Weyerhaeuser

It's kind of a standing joke around here what I think about lawyers. Mom was very intelligent, a wonderful mixture. She was always kind of the strong right arm for me and set high expectations. She played a very important role. I think her father was a man of stature and was attractive. I was named for him, but I never knew him.

Grandmother, of course, was an invalid, not of course, but she was. She lived with us, so she was very much a part of our family after Grandfather died. I think she lived with us the entire time I was growing up until she died. She'd had a stroke or series of strokes. In fact, we had an elevator in the house we lived in until she died. She had a full-time nurse in 1934-35. Honestly I can't even remember exactly when she died either. They didn't make a big ceremonial thing about funerals. Both Grandfather (Weyerhaeuser) and Mother's mother died and evidently Grandmother Weyerhaeuser did, too, all in that short

time period there. I never went to a funeral, though that isn't to say we were unaware that they died.

Edgerly

Were you able to relate to your Grandmother Walker much as a child or was she so ill that you couldn't?

Weyerhaeuser

Oh yes. We related to her. She, I was going to say, looked after us, but she had a nurse and she could get around and she had all her mental facilities and all that. So we were interacting with her. But she wasn't taking care of us. We had a new baby in the family and then we had a nurse taking care of her, Wiz, in 1934, the same time period. So I think with the baby and an invalid grandmother, we sort of did our own thing and they were there, but I don't have any impression of her, as I say, taking care of me or us. I don't think she was up to that. (She was) pretty sick, I think, and frail. But I do remember and of course, living in the same house, I remember her and my visual image is much sharper of her than of Grandmother Weyerhaeuser, who is just kind of a figure.

Mother had other relatives that we saw and for that matter, I still do occasionally. The Walker family, Grandfather's brother, my mother's Uncle Rob and Aunt Marie lived in the north end only a couple blocks away from us and they had a big family. One of the girls in that family is married to John Cherberg, currently lieutenant governor of Washington. One of the boys is chief of staff (though that may not be the right term) at Mason Clinic, John Walker, a doctor. They had a daughter about my older sister's age who died at about 18 or 20, a beautiful girl. Then there was another brother, Gile Walker, who worked for Weyerhaeuser Company. We did see those relatives of Mother's, but we had no particular connection left with Seattle. With Grandmother living with us and Grandfather gone it was a Tacoma kind of orientation.

Edgerly

Did other members of your father's family pay you visits? Do you remember people like F. E., for example, visiting?

Weyerhaeuser

No, I tend to remember Uncle Rudolph, who used to come once in a while. Our recollections of him are quite at odds with his reputation as gleaned from reading about him.

Edgerly

How is that?

Weyerhaeuser

I think he scared the pants off most people in business. But he used to come and visit us. He always sent a box of Maud Borup chocolates after his visit, so the kids remembered him. Uncle Rudolph was the one I have some recollections about. F. E., not really, although I think Dad had a lot more to do with F. E. over the years, in a business sense, than with Rudolph. Of course, Dave Weyerhaeuser was a bright and shining young light on the scene. That was a very big event in our family when Dave and Annette Black got married. I suppose that would have been around the late 1930s. We remember them as a beautiful young couple and that was a lot of excitement. And, of course, the Titcombs, my Aunt Elizabeth, was only a couple blocks away and we used to see them quite a lot. At Thanksgiving and Christmas we all had dinners together at one house or the other. There were the Titcomb boys and they had an adopted girl who, unfortunately, died. A log rolled over her when she was playing out on the Sound. She was about, oh, I don't know, 14 or 15. The two older boys we knew and enjoyed. So our two families were pretty close. Aunt Elizabeth was a fabulous woman. Very, very brilliant and witty and a very, very strong disciplinarian. So when we were kids, there was a fair degree of respect, I'll tell you. When Aunt Elizabeth said something, you sure jumped to it. And, of course, she was seven years older than Dad. A marvelous lady.

Edgerly

Who was the disciplinarian in your family?

Weyerhaeuser

Mother ran our shop. There wasn't any question about that. She was not a harsh disciplinarian, in any sense of the word. And when we got beyond what my father considered to be the pale in terms of ignoring what she had to say or something, which was only rarely, he'd go 15 feet in the air. It was pretty clear when we'd exceeded the limits, which is to say he only tolerated only so much. There were three of us and it was

probably fairly hectic and a very enjoyable atmosphere, by my recollections. But Mother was both disciplinarian and counselor and supporter and, I think, it was a very positive atmosphere we grew up in. So, I guess I would characterize it: when Dad had something to say about it, you'd better listen, but it wasn't, certainly, the predominant force in what we were doing. I think she gave the direction, made the major decisions, had major influence. And I think that's true with the girls as well. I think all of us would say the same thing. They were very close and there was absolutely no element of playing one parent against the other in our family.

Edgerly

You said that your father would, as you described it, "go 15 feet into the air". Do you remember any particular thing that angered him?

Weyerhaeuser

Well, I only characterized it this way. It was not all that infrequent that we pushed him beyond the bounds, or I did, or someone. Maybe I'd have more recollection of that than some of the others because I was somewhat smaller and I think, by consensus, substantially more temperamental. I had a fairly volatile temper. (END OF SIDE ONE)

This is a continuation of the interview with George Weyerhaeuser, recorded Friday, January 27, 1984.

Tape I, side two.

Weyerhaeuser

But I wasn't the only one that triggered them. The others could also push it to the point where he came down on them. But the characterization I would make about it is, no matter what the subject was, if we ignored or disagreed with Mother, beyond the point at which he (could accept), he was sort of a backstop, I think, which sort of brought things to a halt if we got too far out of line. Mother, although I won't say she was a pushover, neither was she trying to lay the law down to us all the time, precisely, with a whole lot of rules. She was, from my recollections and my experience, a pretty good friend. So it was a nice way to do things. When we were going up, Flip and I worked with Dad. I don't think we were better than anybody else about doing yard work or things we were supposed to be doing but we got them done one way or another. We used to go out and clear brush. Dad built things and we'd get involved with him. He was good with

woodworking. He liked to work in the shop. We built a couple boats together. He was pretty good. He went all the way from design to working on them from plans or whatever. The Titcombs built a sailboat down in their basement. Uncle Rod was an engineer and also a woodworker, a furniture maker. He was very, very good. That was one of the things they both liked to do. So we got a little bit of that flavor and built one ourselves.

Edgerly

How old would you have been when you were building the boats, for example?

Weyerhaeuser

Probably 12, 13 years old, something like that. If he was laying the keel or something, which had a whole lot of screws to put in or whatever, why we'd be doing that. He laid it all out and did all the brain work. We'd pound and screw and saw a little or caulk or whatever had to be done.

Edgerly

You mentioned that a number of your father's associates were also his friends, his close friends, that they were around your house and visited. One of the people who perhaps I'm more aware of than others who was a close friend as well as a business associate was Bill Peabody. I'm sure there are many, many others whom I'm hoping you can help me name, but can you talk a little bit about some of those people and how you remember them from that period of time, in other words, from the vantage point of a youth?

Weyerhaeuser

Well, Peabody's the one that always comes to mind because he was a fascinating character. Kind of a feisty little guy that had fun. My impression with F. K. and Peabody and Bill Davis, particularly, is that there was a fair amount of horsing around going on. They were playing at various times long distance, and sometimes not so long distance, tricks on one another. Bill used to come out, I don't know how frequently. I guess we remember him because there was a lot of horseplay going on and we had a lot of fun with him. Charlie Ingram certainly was in the category, you know, because we saw him in the context of family. He had daughters and a son. We were all intermixed in ages and we lived near one another, we played with them and took trips occasionally; the whole families would go out, six, eight families. We saw the Ingrams socially. Dad obviously saw them in a different context. Laird Bell was an occasional visitor also.

Edgerly

Was he an approachable man from a child's standpoint?

Weyerhaeuser

Not from a child's point, no. Formidable. That's a very different answer.

I'm not sure in what period of time, but the Steamship Company, the Eastern Yards, loom in my recollections. There were Peabody and Cap Howard. I think Cap was associated with the stevedoring and longshore aspects of our eastern operations. He was a character, too, very heavysset, short, impressive guy. I'm not sure that I would include him in the "home" statement. I was much more aware of him and associated him with Peabody and eastern visits. That's probably from later on.

Edgerly

Was Howard sort of a rough and tumble guy?

Weyerhaeuser

Yes. Rough and tumble and seems to be the kind of people associated with shipping and the waterfront and those kinds of activities. Sort of outspoken, vigorous kind of a guy. Certainly some of the association was with the Sales Company people, Kendall, but again not in the horseplay kind of the recollections, more on the serious and business side of things. There always seemed to be problems with communications associated with that. I don't include F. K. in that. I don't think there were any problems with the brothers, but I think once you get beyond that, there were plenty of communications, strategy, interrelationship issues.

Edgerly

Was Charlie Ingram somebody whom you, as a child, could relate easily to?

Weyerhaeuser

No, we were all in love with his wife, who was something else, absolutely something else! One of the, not entirely, but by inclination, a free spirit, if you can put a free spirit in with Charlie. Ada was a character. We saw a lot of her, not so much Charlie, until later, I guess. By that I don't mean that we weren't exposed to him, but I certainly never listed him in the category of child-to-older-person, easy to relate to. And he wasn't all

that easy even in later years. He was a very good friend of mine. I enjoyed him, used to visit with him quite a bit and in later years played dominos and hunted with him. But our relationship was pretty much all business and our interest was all business, too. So we shared a fair amount of time and thoughts but it was usually in connection with something that had to do with business. But that's a little of an exaggeration in that his son was one of my best friends and so I spent a fair amount of time in their home and so I'd see Charlie in a little different vein as I was growing up.

Another thing that we had fun doing was when Dad would take us hunting. Believe it or not, there used to be hunting around here, pheasant, ducks. We did some of that with Ingrams and Lindbergs.

Edgerly

What kinds of activities did you do in the summers? You mentioned taking vacation trips a couple of times with families. For example, where did you go?

Weyerhaeuser

We'd go out, big gangs of people, and I can't even tell you where. One time we went out and spent the weekend with probably 20 or 30 of us all sleeping in sleeping bags and with dogs. We'd climbed what we characterized as a mountain, Goat Peak, which I think is over toward Mount Adams. We made a monumental effort to get everybody marshalled together. As I say, we took dogs. How in the world we did that, I don't know! Boys, girls. We'd camp out.

Edgerly

Who was the instigator of these trips? Who was the prime mover behind these things?

Weyerhaeuser

I don't know. Good question.

Edgerly

That takes a lot of organizational skill.

Weyerhaeuser

Yes. I don't know. I suspect that probably came somewhere between. . . I don't know. My wife's family was usually involved. Cordy Wagner may have been. We had other people that we traveled with, friends in the north end or in Lakewood. The Snyders, the neighbors, they went, the Ingrams. There were about ten families.

Edgerly

Was your mother an enthusiast about outdoor life?

Weyerhaeuser

I can't really characterize her that way. She was not a reluctant participant, but certainly Mother was not, by any stretch of the imagination, a trekker. She was never interested in sports, either participative or as an observer. Her great love was swimming. She did that through most of her life. She was good and steady. That was her form of exercise. But I don't remember her in any competitive sports. With this group of people, we always had a big gang at the 4th of July, we played baseball. We'd go out on the prairie and played baseball. We rode horses for years, both the boys and the girls. We were fairly active. (There were) a lot of golfers. Mother didn't play golf. And I don't mean that we were out camping, like people do, perpetually. These were big single events that we'd kind of do collectively.

Edgerly

But she always went along.

Weyerhaeuser

Oh yes. She went down the rivers and other things over the years. And they loved to boat in later life. Mom liked the water. I wouldn't say that Dad spent all of his waking hours walking around the woods, either, in contrast to Great-Grandfather. Much more (in terms of) allocating time to what they did, was around the house, in the yards. Dad was usually busy doing something, but they didn't spend a lot of time trying to figure out how to climb mountains. We had a few friends that did, that really were outdoor types. Mrs. Everett Griggs was one of the great mountaineers. She lived next door to us. There were a few outdoor types. A lot of the ladies were great golfers, spent a lot of time, but not Mom. But most of the kids, we did everything, all kinds of sports, spent a lot of time on the water. We sailed and we water skied, snow skied, tried about everything.

Edgerly

Did you have chores around the house? You mentioned that you had some things that you did with your dad. What about things like summer jobs?

Weyerhaeuser

We did yard work in our own, and occasionally others', yards. We didn't take summer jobs until, oh, I suppose we were about 16 or 17. We weren't delivering papers or anything like that. I worked in a grocery store one summer. Flip got himself a job down in the Northern Pacific yard working. I accused him of finding a cool spot underneath the locomotives down in the yards down there, but I think he was a mechanic's helper or something. I worked in a lumber yard one summer loading trucks and unloading railcars. Now I'm up to age 17 maybe or 18; no, later than that. We worked down in the logging operations at Vail.

Edgerly

It was '47 when you worked at Vail.

Weyerhaeuser

I came back from the service in early summer 1946. It couldn't have been the previous summer, because we were still in the service. I think Flip worked two years down there.

Edgerly

What was the attitude about your having jobs during the years you were growing up? Was that something that was expected of you?

Weyerhaeuser

I don't know. I guess the answer has to be yes, because I don't think you suddenly go from all the horsing around we were doing in the summertime to... you know, I didn't have any particular ambition to be a grocery store worker or Flip to work for the Northern Pacific. So I think the answer has to be it was about time we got a job. Then the war came and it wasn't any longer a question. I'm not sure that our friends were working, come to think about it. I don't know what that has to do with it. It wasn't peer pressure. It must have been Dad: "It's about time you...". but I don't remember his sitting down, saying, "This is it, boys." The lumber yard I worked in out in South Tacoma out there, I enjoyed. It was a good experience. I'm always glad I had an older brother to kind of break ground for me. He went out and scrambled around and, as I recall, he was

talking about going to work for and was interested in the lumber yard with Matt Saxton, the one with the yard out there, whom we knew. I think he got tentatively lined up and then he found that didn't open up right away and he found a job down with the railroad. I don't know how he did; I can't remember. But I do remember that I had a better job than he did and I got paid more than he did. I think I took the job that he lined up. So I think I owed him one. As I recall, he was making 36 cents an hour and I got 42 or something like that at the lumber yard.

Edgerly

Do you remember if there was much discussion of politics or economics around the dinner table or at family gatherings?

Weyerhaeuser

Well yes, and I don't know how to separate the time. I'd say politics, not in the sense of local politics, certainly in terms of the New Deal and what was going on in the country, the Supreme Court and so on. I'm sure that over the years we both heard and participated in a fair amount of talk of current events and what Dad's perceptions were primarily about what was going on. Everybody was preoccupied in those days. We didn't know whether we were coming out of the Depression, in those days. You know, you look back and say, "Well, everything would turn around in '34 or '35." The hell it did. It went on and on and on. So, times were difficult. There were a lot of concerns and a tremendous amount of reaction to and antipathy about what Mr. Roosevelt was doing.

Edgerly

Well, it had quite an impact on the business world.

Weyerhaeuser

Oh, survival is what it was, of course. I'm talking about clear through the '30s. There was a fair amount of concern about what was happening in the country and there were people that Dad was associated with who were more actively involved in the political arena. But I do kind of think about it much more on a nationwide scale than I do on a State of Washington basis. Even our minister was an active politician, not in the sense that he was actively involved in political offices.

Edgerly

Who was he?

Weyerhaeuser

Harold Long. A marvelous guy and a minister of the Presbyterian church. He was a man for all seasons; he really was, very, very well spoken, intelligent, involved. He was involved in the local affairs and very much part of a group of people who were concerned, active. But not Dad.

Edgerly

Do you remember being aware of poverty and unemployment in Tacoma as you were growing up?

Weyerhaeuser

No. My contacts were with, certainly in the public school system, a mixed group of backgrounds. I have much more recollection about the different kids, the different ethnic backgrounds and all, not black. It was much more Oriental. We were all sort of in awe of the brainpower of the Japanese kids and the fact that they were going to their own schools and working a lot longer and were a lot smarter than the rest of us. No, I can't say that I, in a local sense, was aware of a lot of unemployment and food lines. To this day, I couldn't tell you how bad it was locally here. Now, there wasn't a lot of lavish and high living going on, not even in the north end of Tacoma, which would have been, if you subdivided the city geographically, presumably the "establishment", I suppose. My impression is kind of a gray time and not a lot of differentiation. What was going on in downtown Tacoma (I don't know). I don't even know what kind of a black population or minority population we had in those days. God knows there must have been a fair amount of unemployment here, looking at the nature of the dependency on the forest products industry and all. There just had to be a tough time in the industrial business, but I don't know much about it. In the '30s there were plenty of real big issues in terms of strikes. St. Paul and Tacoma used to be the biggest employer down there and used to be the target for the day, it seemed like. They were the only AF of L mill and they had a different longshore bunch. Seemed like every year they were taking them down. So there was plenty of labor unrest. That's a different subject. We were aware that things were not all rosy, but I wouldn't go any further than being able to recollect an awareness. I don't suppose I spent a lot of time reading newspapers then.

Edgerly

The publicity about your having been kidnapped in 1935 has been substantial. You've been asked time and time again about it, I know. The events and the succession of events have been recorded in newspapers on lots of occasions. However, not to my knowledge is there anywhere a synopsis of the events as you remember it in your own voice. I wonder if we could go back and go over some of your recollections and thoughts about those events as you remember them.

Weyerhaeuser

I was interviewed till the world looked level (?) at the time, so I don't know. And yet my dad was so fed up with the way the press handled itself. So maybe he didn't allow very much in the early years. I think our whole attitude could be fairly characterized, I guess, my family's attitude about it, was that nothing particularly good could come from whatever effect on me at age nine and on our family was interjected from the outside as a result of publicity. A tremendous amount of publicity and curiosity - and a little bit of that goes a long way and they were, I think, appropriately concerned that that event not dislodge everything else going on in our lives. Therefore, they tried to treat it as "business as usual" as best they could, which meant certainly not celebrating it and certainly not perpetuating it more than they could. I think they successfully tried to insulate us. They couldn't, obviously, for a while there. Not only was the media interested; everybody that I met or ran into was. I was a curiosity when I went to school, to my friends. But I think we put it behind us fairly effectively and, looking back on it, it's kind of amazing it didn't do more damage than it did. My father and mother suffered a great deal from what might have happened, I guess. I was gone for a week and I think they were understandably concerned about whether it was going to have a permanent effect on me. I don't think it did, partly because of the way they handled it. We never chose, and I still don't try, to build a wall, or a permanent fortress kind of mentality. Lightning only strikes once, usually. That's kind of been our attitude - to minimize it. I don't think it's inconsistent with the way we, our family tends to do things. We certainly wanted to minimize it. (INTERRUPTION) It did kind of push everything off the stage a little while. I suspect that that event had something to do with reinforcing our larger family and our narrower family's inclination to maintain a low profile if we could possibly do so. But I think we were inclined that way to start with and when all this blew up, we just worked even harder at maintaining our own little circle and private lives.

I was always surprised how right from the beginning how amazed I was that everybody made such a great deal out of it and expected me to make a great deal out of it. I think I registered pretty much what was going on. I had a very high degree of, according to the FBI, recall. So I could reconstruct what happened during the week. It wasn't all that complicated. Certainly that was fresh in my mind then. In the records is pretty complete detail and they were able to get on these people in pretty fast order and fortunately, I think for me, the ransom passing and all that went not without hitch, but got accomplished. I don't think they had any malicious intent. I think it probably looked like an easy way to make some money in a darned tough period. They were very young, a couple of them, the wife and husband. I think they kind of got led down the primrose path. The older guy was a hardboiled criminal, but I, fortunately, was not exposed to him very much of the time. The way they handled it, he came back to collect the ransom and I was left with the younger man and he was about as scared, or maybe more scared than I was. He didn't know what was going to happen. His partner didn't get back. He got to the point where he was going to let me go, or at least he said he was. We were talking about it. I think he didn't know what else to do maybe. About that time, he got back and they brought me back and let me loose out in the woods up by Issaquah. I remember a lot about that because they were kind of vivid circumstances, day by day and the kind of thing you wouldn't forget, I guess. It's interesting that back in my subconscious what I remember is associated with being out in the woods or in the ground by myself - beautiful. It was late May and the weather was nice a couple of days and I was out there just with the birds and the bees chained in a hole. I can remember. It's interesting that the physical circumstances were so stamped on my consciousness. I don't quite know why. Maybe because there wasn't much else to think about. But those feelings that I had and those isolation moments and all are clearer 50 years later than the traumatic couple, three points in the... (END OF TAPE I)

This is the interview recorded on January 27, 1984 with George Weyerhaeuser, Tape II, side one.

Edgerly

You were saying the things that you remembered most vividly were those moments which were, in that whole experience, if anything can be considered in that experience, serene, maybe more serene than those moments of greater confrontation.

Weyerhaeuser

Yes. And maybe at age nine being alone in itself is an unusual experience and maybe they're vivid because you as a child had a lot of time to think. And of course, it was being out in the wild by yourself is in itself quite a traumatic experience. It's those kinds of things that left more of an impression with me, perhaps, than anything else.

Edgerly

Do you remember whether you ever lost heart, lost faith that things would work out?

Weyerhaeuser

Well, of course, I didn't know what they were... in the early stages you don't know what's going on. "What are their motives, what am I doing here?" I don't know. It wasn't all that obvious just who they were. I went out, a sack over my head, didn't know anything. It wasn't a matter of losing heart; I think the matter was more at what point does fear interject itself, where it gets control of the situation. Interestingly enough, the only time I remember a strong sense of fear was, I think it had more to do with the fact that I had a cover over my head and was tied and we walked across a - I don't know whether it was just a log, it was probably just a log or a log bridge - and I could hear the water. So I think it was more a fear of winding up in the water tied than it was a fear of the whole circumstance. You know, that's real and current and present. I wasn't overwhelmed with the whole sequence of events; it was just specific things that came up. That was one that I think maybe has more to do with like a fear of drowning when you're not free. And I travelled across the state in the trunk of a car. Just to illustrate it, I think you kind of accommodate to the circumstances. Somebody said, "How'd you like to be in the trunk of a car, spend ten hours or whatever?" I guess I wouldn't look forward to that in any sense. But at the time, I think I actually managed to go to sleep part of the way. You do what you have to do. I think you're pretty resilient when you're nine years old.

There weren't too many pleasant events, being chained in a hole in the ground and by yourself. But it was those kinds of physical things that - and then the environment which, as I said - left an impression on me. Because I wasn't in a lot of contact with them. How do you have any contact when you can't see them and you don't know what the hell's going on? At the later stages, I did converse with the guy who was staying with me in Spokane.

Edgerly

That was Waley, right?

Weyerhaeuser

Yes. And I could talk to him and that's something you could relate to.

Edgerly

Were you still blindfolded at that point?

Weyerhaeuser

Oh no. I was in a closet. They had a mattress on the floor. He'd come and talk to me once in a while. They brought me something to eat. And in the later stages, he was concerned, as I say, about, I suppose, the long and the short of it was what was happening. I think he came across as being concerned, not necessarily about me, but in general. So once I did get a chance to see a little bit of one of them, I'm not so sure who had the bigger problem. By the time I got to that stage, I was out of the outdoors and out of the hole in the ground and out of the trunk of the car. And it was just an ordeal in the sense of what was going on and I didn't know how it was going to end. I thought a couple of times about and came very close to trying to make a run for it out of Spokane.

Edgerly

Oh, did you? What were the circumstances?

Weyerhaeuser

Well, I was in the closet and he fed me and we talked about things. I wasn't too sure about where anybody else was or I probably...and it had been a long time. I thought, well, I probably had a shot at getting out of there. It wasn't locked. It was just, I suppose, a natural... I don't know what made my mind up not to do it, possibly because he'd been talking to me about letting me go. And I don't know what all his motivations were at that point, other than it could be the thing was going to blow up in his face anyway. But it was not as if he was mistreating me or hurting me, so I wasn't afraid of him at that point. I've always felt, I don't know how to state it, I guess it's some relationship with him as a result of this, kind of the visit and the time and the pressure that he was under. And I think that in subsequent years, kind of an interesting person. He's got a lot of interesting ideas. He used to write and come and visit once in a while. I got him a job, which he did for awhile. Somebody rubbed him the wrong way and he told them what

to do with it, I guess, and quit. But he spent a long time in prison. I think I would be hardpressed to call him a close friend, but I kind of like him. And I think vice versa. He sends me a card once in awhile.

Edgerly

The other man, Danard, that was the name he went by, I know that's not his real name.

Weyerhaeuser

William Danard, yes. Wasn't his real name, though.

Edgerly

Mahan, or something like that. Is he now deceased, do you know?

Weyerhaeuser

I used to hear from him, in a different sense. He'd write once or twice. He'd been in prison for so long, with the prospect of being in longer. I just assume that he's no longer alive because I can take 57 and add a lot of years to his then age. I think he died. I think he spent the rest of his life in prison. I'm sure I don't know that, because I don't have a date associated with it or anything. Waley's wife got out before he did and she remarried. I don't know what's happened to her.

Edgerly

The impression that I have from what I've read is in fact that Danard is the man that tended to be the more threatening. Do you remember feeling very cautious about his presence when he was around?

Weyerhaeuser

No, because I couldn't see anything to begin with. They stuffed me in the back seat of the car and covered me up and travelled quite a long ways. Then they covered my head for some reason, I don't know why. I don't remember, then there was an incident where I was signing the note. Then they put me in the ground and left me. Then I travelled in the trunk across the state. I didn't see much of anybody during those early days. Then, of course, he left to collect the ransom and I'm not just sure where he split from that. I think I would assume he did not go across the state, but I don't know that for sure. So the other end is the only time I had any real exposure to anybody and that was to Waley when in the house in Spokane he began to wonder what was going on himself. I think that

Mahan was late, at least a day late, and maybe more, getting back. I know that I could go back and study the record. I've never really read the thing. People have sent me the documentation and all this. My answer is really that I know he was late because Waley was terribly concerned about it.

Edgerly

Did they tell you that they were going to let you go before they did? (GHW shook his head "no".) So you had no idea? When you got back into the car, you didn't know where you were being taken?

Weyerhaeuser

I don't remember when they told me. In fact, I didn't quite believe it. I didn't quite know what the hell was happening. They let me out in the middle of the night, or it had to be 10:00 or later because it was pitch dark and in May. And they gave me a dollar or something like that and a blanket, let me off alongside the road out there. And I remember, I wasn't sure whether to run for it. My recollection is I couldn't make my mind up what to do. I didn't know where the hell I was. So that must mean that they didn't give me any instructions. I know they didn't tell me, well no, that's not quite right. They told me to stay where I was. But they didn't tell me, "You're two miles from anywhere." I don't remember any great sense of relief at having been let out, so I was still not cognizant of what they were doing or what they intended to do. So I just wandered out in the morning. I guess I did what they told me, because I didn't have a better idea. Sure as hell wasn't going to strike out in the dark in the middle of the woods, I guess. So as soon as it got light, I walked out.

Edgerly

So you just waited there.

Weyerhaeuser

Yes. And obviously, they wanted to get enough distance. I'm surprised they didn't chain me up somewhere. Suppose I could have walked out earlier.

Edgerly

Did you return to school that year? It was toward the end of May and I think maybe you were released on the first of June.

Weyerhaeuser

Yes. I doubt it. I went to camp the first of July, but it would have been a week or something like that. It seems like the next period was preoccupied with fighting off the newspapers.

Edgerly

Do you remember how your parents reacted when you arrived home or do you remember how you felt about it, more than anything else?

Weyerhaeuser

Yes, sure, I remember how they reacted. It was a fairly big event. We were all pretty happy. I remember traveling down the road in that kind of old model car and being intercepted by a kind of enterprising guy. The farmer started driving down, I'm not sure what kind of a highway there was in those days, toward Seattle. A guy from one of the Seattle newspapers, I guess, I'm not sure of that, was coming up the highway the other way and somehow or other managed to recognize us. Somehow or other, he conned that old farmer into taking me. So I got out of the farmer's car into this car. So then he started quizzing me on everything going into (town). I didn't know who the hell he was. I think he may have paid the farmer or whatever, Mr. Boniface, who had a big family of kids. So I rode in with a reporter.

I suppose my parents were substantially more affected, relieved. Because I think sometime back it had dawned on me that I wasn't all that worried about it. I don't quite know how to put it on a scale. My scale of concern was highest at the beginning and when I was tied up. That water did scare the hell out of me. By the time I'd been out there a week and had some chance to visit with the guy, and I think the fact that I began to think about how I was going to get out of there, were indicative that I wasn't in a state of dire concern. So, by the time I walked out and found the farmer, I'd been through the trauma. I'm not sure when my mom and dad found out. I'll be damned if I know how that reporter got up there. I don't know who the farmer called.

Edgerly

But somehow he found out.

Weyerhaeuser

He must have called somebody other than my father, I don't know.

Edgerly

I know you've said that you didn't feel it really had that much of a long-term impact on you. Do you remember at the time any sense of not wanting to be apart from your family or apart from familiar circumstances or anything like that?

Weyerhaeuser

No, I don't. I suppose that the primary effect, and I don't know how much of that was reinforcement and how much was just natural inclination anyway - it certainly stamped on me and my dad a tremendous antipathy to invasion of privacy. But I don't know how much of that was inherent and how much of it was added by this. We certainly both reacted that way, I think, and I think I've always felt (the same) about it ever since. Your private affairs have no bearing in some people's minds and my reaction to that is, "To hell with that!" I'm not about to be bent off of what I'm going to do and therefore, I'm not going to subject myself to being a public figure any more than I... I'm sure it's had some effect. But I think we were inclined that way, my dad was, anyway. I'll never forget one time - we were walking across the street and a guy came up and snapped a picture right in our face. He reached out, took that guy's camera, smashed it and took a punch at him.

Edgerly

Was this soon after you had come back home?

Weyerhaeuser

Yes. Never seen him so mad.

Edgerly

That would be considered uncharacteristic of your father by almost anyone, I presume.

Weyerhaeuser

Yes, except that my father had, and I inherited, one of his characteristics which is quiet and controlled, but not unemotional. When you got him there - this is consistent with my "15 feet in the air" statement - when you got him there, watch out, because he could be pushed. And he was then.

Edgerly

So for a time, you saw reporters around a lot, I take it.

Weyerhaeuser

Yes. And stories. And of course, everybody and his brother wanted to get it firsthand, so anytime you met anybody for ten or 15 years... I'd go east, I'd say two-thirds of the time people would know who I was and wouldn't have heard of Weyerhaeuser Company, which was kind of an interesting phenomenon.

Edgerly

Did your playmates or family treat you any differently that you recall?

Weyerhaeuser

I don't know about family, but certainly I was a curiosity, more so, I guess. I'd say you're more of a curiosity to somebody that doesn't know you at all and the closer you get to family and friends, the less impact it had, in my impression.

Edgerly

There's a story that floats around that, in fact, I wasn't going to ask you about, but I think I will, because I don't know how else to find out. There's a story that floats around that one of your playmates set up a tent and put a sign on the tent that they could see George Weyerhaeuser for five cents or something like that and put you in the tent after you came back. Do you remember anything about that? Is that just an apocryphal story? Did you have any playmates that were that much of an entrepreneurial type? (Laughter)

Weyerhaeuser

I don't think so. God knows we used to have different kinds of camps and tents of all kinds, so there was plenty of that. I don't remember anything like that.

Edgerly

Well, it probably sounded a lot more appealing than trying to sell lemonade for two cents a glass.

Weyerhaeuser

We used to sell lemonade every summer. I remember looking through the family albums. And I can remember we'd sit up there above Stadium, up on 4th Street and we'd have a little lemonade stand there. The only really good customer I remember was my grandfather. He bought a lot of the stuff, colored water. No, I don't remember being any sideshow. But there were aspects of that whenever there were strangers around with all your friends or anybody. I'm sure that I was kind of an interesting sideshow.

Edgerly

You've spoken about the years of family life then and, from what you've said, it sounds to me as if you related closely to Ann and to Flip. Were you close playmates? What was your relationship like as children? Did you spend a great deal of time with one another?

Weyerhaeuser

Sure, when we were very young, in Lewiston days, we played together all of us. And all of my growing-up years, well, on into and through prep school and college, my brother and I have been a year or less apart in school, etc. So, yes, we were together a good part of the time in sports and everything we did. We shared the same room up until the time we went away to school, then we went to the same schools. I've always spent much more time with him. When we were younger, certainly the three of us, Ann, Flip and I were closer in age. Wiz is seven years younger than I am and, of course, Flip was one older. We had a lot of fun with her, but she was a baby and we were rattling around, growing up in Tacoma. And then time came to go away, Flip and I left and Wiz was at home by herself, so the family went down to three. We went our ways. And, of course, I think when it's your older sister (Ann's three years older, something like that, four) there's a big gap between a 16-year-old girl and a 12-year-old boy in terms of what they're interested in and everything else. So we were observing her in a way that you don't a baby sister, I suppose. But it was clearly a function of "Wiz wouldn't understand that altogether" or would feel that she was kind of left out. But it was left out from my vantage point in the sense of just a different set of activities because of the age spread and therefore, she was doing her own thing more. Whereas we were at least two and/or three, more two than three, though. Boys tend to travel in little different circles. It was very great to have a brother that close in both age and interests. Now the other thing that often gets brought up in our family is we used to fight all the time. I consider that to be a natural phenomenon. We fought as brothers do and never, never were against one another when there was anybody else involved.

Edgerly

In terms of personality, the two of you seem quite different from one another. Was that true when you were children or is my perception as an outsider not accurate?

Weyerhaeuser

I don't think we're all that different. Although if I were to view us as a snapshot today, I think I'd see a bigger difference than I would at any other point in our lives. It's hard to look at yourself. I have a picture of him. I have a picture of my dad. I can see characteristics running through that are similarities. The younger brother environmentally is in a different situation. I was smaller and younger, feistier and, I think, I had a worse temper then, more volatile maybe. I don't know. We're certainly not identical twins. (Laughter)

Edgerly

No. And because I've met both of you long after the time when you were spending time together as close siblings, my perception is influenced by the present more than anything else.

Weyerhaeuser

No, I see the value system and the reactions to different situations, not the way we would appear, but the way we would make judgments. We're not that much different, but certainly from outward indications we're substantially different. I don't know. If I tried to go back...I think there's probably more difference than I see. And I'm sure if you asked the guys who grew up with us, you'd get a wider spread than I would perceive. The thing that surprises me all the time is when we get in new situations or whatever and my sisters or other people are reacting to situations. They see it certain ways. Ninety-nine times out of 100 he and I come out in the same place.

Edgerly

You continued in the public school system in Tacoma through what grade?

Weyerhaeuser

Nine. I finished at Mason Junior High School and then went back to Taft.

Edgerly

Whose decision was that, your going to Connecticut to school?

Weyerhaeuser

My dad and uncle went to the Hill School, Pottstown, Pennsylvania. I've never been there. We (at Taft) never played them in sports or anything. I think he thought about Hill School and thought it would be best for us to go away to school. I suppose in the natural course of events, if left to our own devices, we would have said, "Why don't we go to Stadium High School with our buddies?" By that time, we had a few girl buddies as well as boy buddies. I'm sure it would have been a lot more fun. Certainly initially. My father-in-law, Cordy Wagner and Cordy, Jr. was one of our best friends, went to Taft. They got to looking at it. So from that, I think, I was familiar with Taft. And then my father and mother became acquainted with the headmaster of Taft. I'm not sure how. Maybe they'd been thinking about it. They came out and stayed with us. But I think it probably came from Cordy Wagner. My dad made the initial decision that going away to school was a good idea. By the time it became my turn it wasn't any big deal. Cordy and Flip were back there. Another one of our friends, Tom Murray. So I headed back with the crew.

We used to play bridge going across the country - three and a half days on the train, or four days on the train. We crossed the country 32 times or something like that. Looking back on it, or even at the time, after I got well seated in the prep school, I think it was probably the best thing that ever happened in terms of development for me to have to get in there and establish some study habits. I had a great time in sports and it was a small enough environment so you became a big fish in a little pond. It was great. I still have many close friends from back there. I think the whole eastern experience was good for us - for geographical breadth and talk about different attitudes and people. So I'm still a very strong supporter of that experience.

You started all that by asking the question, "Who made the decision?" We get into this conversation at home every now and then with the kids. It's hard to explain how so many of those things came naturally. There wasn't a big trauma, it seemed to me, about decisions and about work and about school. Some people would say, "Well, you didn't have very many choices and you weren't very assertive and you weren't this and that." We were just as assertive as any kids in those days. The fact (was that there was) some pre-definition of school and career and work pattern. I think we were fortunate. I think

of what my kids do and their struggles, which I not only don't direct, I don't even seem to be able to counsel. Or if I work up both the courage and the inclination to counsel, I don't get very far. Then they go out and crash and burn and you say, "There must be a better way than do it all by yourself." Then I look back and think how fortunate I was because I think the decisions were good ones. But they were not made with a tearing of hair. At least my recollection does not bring a lot of trauma. I thought about doing different things like going to Stadium High School; I thought about going to Stanford; I thought about alternatives. But I don't remember getting too exercised about them and I had a framework which was not, it seemed to me, a matter of great decision-making or difficulty. Dad made it very easy when it came around to going to work, he'd say, "Go down and talk to somebody and talk to somebody else." He didn't tell me to do this and do that. But you had the feeling that you were getting somebody who paid attention and had some ideas. Each step of the way, I'm not sure who was pulling what strings. To this day, I can't tell you. My impression is that much of what later evolved in my company experience was, to a degree, accidental. I know I never talked to my dad about it, in the sense of, "Do you think that I ought to go from here to here to here to here, or anywhere else, geographically?" I'm sure I talked to him about it, but I think basically I just did it. If I needed somebody to talk to, he'd tell me, "Okay, maybe there are two or three people you can talk to." Now he may have done more than I'm aware of.

Edgerly

The recorded interview on Friday, January 27, 1984 continues on Tape II, side two.

Tape II, side two

Weyerhaeuser

I knew practically nothing about Latin. We had these old schoolmasters that knew everything that you'd done or not done. There was no way to fake our way through a course. I mean, we had classes ranging from three to ten students. I was going to say my proudest moment came in my weakest subject, which was Latin. I was probably getting a 75. They graded you all the way from zero to 100. They really did. You could get zero. I was sailing along, passing it and doing fine. Toward the end of the year, they had to select two people to go to the state Latin contest. I don't know, the prof must have had a soft head or something, but he picked me as his second candidate. We had one guy who knew what he was doing. Evidently nobody else did. I went down there. I thought, "I'm going to put this on the bulletin board and send it home to my mother." Everything

was fine except when I got to the state Latin contest, all the instructions were in Latin. It wasn't that I didn't do well; I couldn't figure out what I was supposed to do. I was so bad! I thought, "Whoever grades this, I hope they burn all the papers." Talk about feeble! There I was, supposed to be representing my school. It was pitiful. I never felt so at a loss. I can't remember anything about Latin. I couldn't figure it out even then.

But on the other side of the scale, I always absolutely loved math at any level, still do. When it comes to writing, I'm not much - more an analyzer than a written communicator.

Edgerly

This concluded the interview recorded on Friday, January 27.

This is an interview with George Weyerhaeuser, recorded on Tuesday, January 31, 1984.

Weyerhaeuser

(Looking at a book of production statistics and other data for 1940s.) Those weren't bad wages in 1942.

Edgerly

There's a book that's very similar to this in your files on the Springfield lumber manufacturing class that they were doing in those days. Somehow one that you had had at that period was saved. Somebody put it away.

Weyerhaeuser

For heaven's sake. These are all before Willard (Morss) came to Springfield before I did, I guess. I think he went down there when it started out. This is all Longview. We demolished all those mills. Then to add insult to injury, put a newsprint plant on top of it.

Edgerly

You were remembering last week the incident when you were at Taft in which you had been chosen as the second for a Latin contest. One of my questions, in fact, that related to the period of your school career, which is what we were talking about, had to do with what subjects you felt you were most adept at and which had been a struggle for you. I presume Latin would have been the one that represented the struggle.

Weyerhaeuser

That was one of the ones, probably French being the other.

Edgerly

That I understand. You'd said that mathematics was always interesting and relatively easy for you. Was that true also of other sciences?

Weyerhaeuser

Yes, I suppose they sort of interrelate. I enjoyed things like physics and chemistry and maybe to a lesser degree the engineering disciplines. But the broader sciences were kind of fascinating and I was reasonably good at them and interested in them. Maybe those things go together. Of course, there's an interlacing of mathematics certainly in physics and to a lesser degree in chemistry. Those were the subjects I really enjoyed most. Getting on into college a great deal of what I took was through the first three years. I only went to college three and a half years. I graduated in shorter than normal time because they gave us opportunity to accelerate if you were in the service. I did telescope it and took a fair amount of economics in the course of industrial administration and engineering. It was kind of a combination of engineering and economics. At that level, I think that broader economics and the sciences were much more interesting and I did better at them than civil engineering, mechanical engineering, that kind of thing. Yale had some marvelous courses in liberal arts, in the English field. They had a very fine English department. There were some marvelous professors. English and religion and other things were interesting. But when you got all through talking about it, I think the surviving inclination of all that was mathematics and statistics and those kinds of things...I don't mean a course in statistics, but the approach was something that stayed with me. I went into the Navy after freshman year.

Edgerly

I was going to ask you about the succession of events there, because that wasn't quite clear to me. You went into the Navy in '44. So you had been through one year of undergraduate school.

Weyerhaeuser

Almost one year. I was 18. I got credit for one year. I went to summer school, accelerated, in high school and finished in the middle of winter before I would have ordinarily graduated, went to Yale immediately and stayed at Yale through the entire

next summer. So my freshman year was contained between the end of January and September. I spent a couple of years in the Navy and then came back, after World War II, after those two years, as a sophomore. Then I didn't go the full route senior year because I was through all my requirements in three years in June and stayed on. I got married that summer and then went back and stayed one more term. Even though I'd done all my requirements, they would not allow you to graduate in less than a minimum of three and a half years. So the last term, which I enjoyed immensely, I took all electives and got very good grades. They were interesting subjects that I picked and so I sailed through with a minimum of work and good grades and married and enjoyed it. That was my happiest time in college.

Edgerly

Did you know when you went there that you wanted to study economics, that you were interested in industry or business as a career?

Weyerhaeuser

By that time I'd pretty much gotten over the idea, and certainly when I got married I was over the idea, that I might go to law school. I thought after all was said and done that I'd better know something about economics and I took the best that Yale had to offer in the way of course material that would lead in that direction. They had a very, very popular and very good, I think, broad-gauged combination of economics and science that led to what they called industrial administration. I don't know what that equipped you for. We did spend quite a bit of time studying such exotic things as industrial relations, labor relations, political science. So it was an interesting mixture of things. It didn't equip you to do much of anything, but I think they gave kind of a broad background. I learned enough to be comfortable with accounting and statistics. So there were things there that certainly in later times proved to be useful. And I'd say broad familiarity with a lot of different subjects was really what that consisted of. Unfortunately, getting quite a lot of science and engineering and economics, didn't leave a lot of room for broad, liberal arts education. So I was short, although I was fortunate in prep school to get quite a lot. We were taking history every year. I did get, in the prep school era, some of the things that most people might pick up in college. And if I had it to do over again, I think it was broadening and useful set of subjects. I suppose today you'd go on to graduate school and get a fair amount of, not only what we took, but a lot more if you were going to go on to business school. I think in those days very few people went on, certainly didn't go on to a graduate school of business very often. I didn't really give a lot of

serious attention to going on beyond college at the time and haven't ever thought about it really since. I think it would have been quite different if I'd gone to school in a different era. I probably would have gone broader in college and gone on to business school.

Edgerly

When you enlisted in the Navy, where were you stationed?

Weyerhaeuser

I couldn't enlist in the Navy. I'm nearsighted. I wanted to go in the Navy but my eyesight was not sufficient to meet their enlisting standards. So I waited and was drafted through the Tacoma draft board and they pulled me out of college when I was 18. When I went through the draft, you could express a desire for a chance to go to the Marine Corps or Navy. I was pretty certain I didn't want to go into the Army. So I waited and, sure enough, whatever logic there is in the system, why you would be accepted in a draft and not in enlisting, I don't know, but that was the case. They did accept me in the Navy, gave me a whole lot of tests and sent me down to San Diego for Navy boot camp, which is basic training for the new recruits in the Navy. I went to electronics school in Chicago, then to advanced intermediate electronics school in Del Monte. They had a Navy school down there. Then I asked for and received aviation electronics as opposed to the heavy electronics in the surface fleet. I spent six months down at Corpus Christi, Texas at the naval air station in aviation electronics. Then I went back to San Diego and went out on a carrier. By that time the war in the Pacific was over, or essentially over. That was late in '45. So I cruised around a little and got put off the carrier onto a naval air station out at Barber's Point on Oahu, where we worked on torpedo bombers and various classes of planes where we were either maintaining or, in some cases, dismantling and storing radar equipment as they wound down the equipment from the Pacific theater. Then I accumulated enough seniority points that I got discharged in the summer of '46 and went back to Yale in the fall.

Then I wound up going to Yale for essentially two and a half years and got out of Yale in the January of '49, which with the combination of summer school and credits for service and everything, meant I was not far behind. I would have been out the previous June if nothing had ever happened. So the military two years did not really defer anything else in my life. I was very lucky in terms of both. I think it was a valuable experience for me and I learned quite a lot. It was another area of interest, electricity and electronics, that I've always enjoyed and am familiar with. So in my Navy career, I think I was making \$86 a month as an aviation electronics technician first class when I got out.

Edgerly

Did it in any way change your ideas about what you wanted to do?

Weyerhaeuser

I don't think so. Certainly after a couple of years in the service, you come out a different person. You're several orders of magnitude more independent. You met a whole different bunch of people under different circumstances than on your own. It was certainly a growing-up experience and good, I think. I wouldn't recommend it as a career.

Edgerly

Obviously you didn't take that route.

Weyerhaeuser

No. It would have taken several herds of wild horses to drag me into the Navy.

Edgerly

Were there many veterans at Yale at the time when you got back?

Weyerhaeuser

Yes, gobs of them. We were all ages. Some had gone in in 1941 and never come out until the end of the war. So we were all mixed ages, all different experiences, but the predominant population was veteran. If you weren't a veteran, probably a lot of them had gone partially through college and maybe officer training, Navy 12 or Marine 12 or different programs. So that the people that hadn't actually gone in as enlisted men probably a fair proportion of them had one kind of service training or another. You were mixed in with freshmen coming out of high schools and married guys who had been in the war. It was an interesting time and not anything like, I suspect, the traditional. I know it wasn't anything like the traditional campus atmosphere.

Edgerly

It must have changed considerably the approach to education.

Weyerhaeuser

I think they were a lot more serious in the sense of you were there, at an older age on average, more experienced, somewhat more serious. I suspect it was not as fun a time for us going through college as for many. I don't know whether that's good or bad. But I think it tended over a five-, six-, seven-year period there, to grow up our compatriots faster and they were more anxious to get out and do whatever they were going to do probably than the normal college group. I don't think that the academic programs and perhaps the quality of the education was as good. I think there were a lot of teachers who were, I think, second rate; they filled in; there was a lot of turnover in faculty. There was a much bigger mixture, I think, than would be normal at Yale in terms of backgrounds and educational progression among the students. So when you deal with big mixtures of those things, I think you tend to go to a lower common denominator, big classes that were jammed up. I wasn't particularly impressed with it.

Edgerly

Had you considered going anywhere besides Yale?

Weyerhaeuser

I thought about Stanford, but not really. Once I started there, I think I basically figured I'd go back and finish it off. We didn't switch around as much in those days. Jumping from campus to campus, I don't think, was done very often. People who flunked out transferred but not very many transferred. So I just went back and finished it up.

Edgerly

I understand that the summer of 1947 you worked in the woods down at Vail/McDonald. Do you remember much about that summer? I think you were setting chokers, weren't you?

Weyerhaeuser

Yes, I certainly do remember. Harry Morgan and Vivian were living at Vail in one of those "beautiful" row houses down there. I think they had glass in the windows, but not much more. Yes, my brother came out of the Marine Corps. He went in earlier, and was an officer. He got out earlier. And I think he went down to work in the summer of '46 and back to Yale in the fall. John Wahl put us both to work down at Vail in 1947. I remember driving around Vail with John when we first went to work; he was showing us the place and introduced us to the superintendents and others. We stayed in camp during

the week and drove home on weekends. It wasn't very far away. I being the younger and slighter brother (I'm not sure that had much to do with it), I set chokers behind a tractor, which was substantially less dangerous than working on one of the big high lead crews as a choker setter. Flip worked on the high lead. That's not to say I didn't work hard; I worked damned hard. I enjoyed it, but it was mighty hard work. I know it was a good experience and we had a lot of fun horsing around with the crews. We'd ride the crew buses up in the morning and there was always a lot of horsing around going on on the crew buses. We were half asleep going up there at whatever the time of morning was. We had a few people lighting matches in our shoes and horsing around. We had a lot of fun. In those days you had to marvel (I did, anyway) at the tremendous skill and stamina, particularly of the fallers and buckers. In those days there were no effective power saws, they were falling timber and bucking it with big crosscut saws 100 percent driven by manpower. They would pull those saws all day long and were paid in proportion to the amount of timber they cut. They put in a tremendous day's work. They could just pull those things all day long, seemingly without effort. Try it for about ten minutes sometime and you'll begin to realize how skillful they were. Handling the big rigging and trying to get those chokers around logs, you put that thing over your back and there's a fairly heavy bell whether you're talking about high lead or behind a tractor. You have to pull the cable out to wherever the log is; the logs are not exactly lying on flat ground, they're buried in the ground and you have to get the cable around the log in such a way to get it hooked up. It was a lot of time working with a tractor, they'd get hung up on stumps or crossways with other logs and you and the cat-skinner had to figure out how to get them unhooked. The same thing was true in high lead, I guess. But you put in a damn full day's work and you didn't feel much like going out on the town, I'll tell you. It was probably damned good for us. Fortunately, I was also in pretty good shape in those days.

Edgerly

I would ask if the first couple of weeks you wondered if you'd live through it.

Weyerhaeuser

I'll tell you, the one thing I do remember and remember very vividly was there wasn't enough water in the world in the middle of summer. I was drinking water by the gallons. The other thing that was pretty impressive the way the men knew how to work with splicing of cables and rigging. There's lots of skill involved, knowledge, experience. So you came to find out pretty soon that there were easy ways of doing things and hard ways of doing things. You wanted to pay attention and watch the way

they did it, because you could really bust your pick trying to manhandle things the wrong way. It was almost impossible.

Edgerly

Who was your boss?

Weyerhaeuser

I can't remember directly. It was too long ago. We had a superintendent who was a heck of a guy.

Edgerly

Who was that?

Weyerhaeuser

I can't remember names anymore. It was a while back. Of course, when you were working then behind a tractor with a three-man crew, the senior guy was the catdriver, then there was the head and second choker setter. So I worked with one guy, really, and the catdriver, and the same catdriver most of the time. So it's a little bit theoretical to say, "Who was your boss?" because the superintendent you might see once a week or something. You're out there in the sticks working, doing your own thing.

Edgerly

What about life in the camp in general, do you have any specific recollection or anecdotes about that?

Weyerhaeuser

It wasn't quite like the old days where everybody was sleeping in a loft or something like that. We had our own little two-man or whatever shack, maybe three- or four-man bunkhouses. We all ate together and used common showers. It was close enough to civilization that people were coming and going. It wasn't like the old camps where you had to hike in and hike out or ride a speeder way out or whatever. But as I say, we worked hard enough so that there was no great inclination to head off to the local bar or head anywhere else. We pretty much stayed in camp. We got up early and went to bed early. So it was good experience. I knew something about the territory. We'd been around, been out in the woods occasionally in years when I was growing up. We used to once in a while go fishing. So I'd been around the general territory a little bit down there

before I went to work. There isn't anything very near Vail. If you want to really go to the big city, go over to Yelm. (Laughter) Not much there.

Edgerly

Were you the youngest of the men working in the woods?

Weyerhaeuser

Yes, I think so. Certainly the least experienced, but I think also the youngest probably. There were a lot of guys that were very experienced, been around a long time, so there were a lot of older men there. They looked a lot older to me.

Edgerly

Do you think you got any better or any worse treatment because your name was Weyerhaeuser? Did you experience any bias on either side, resentment or otherwise?

Weyerhaeuser

I don't think so. I think that there was a lot of curiosity. I'm sure we were objects of interest and curiosity to some degree. But you get out there in a working environment and you do your share and they kind of look out for you. I don't think at that juncture I felt any great sense of, certainly not antagonism. I suspect that it wasn't the first time they ever had greenhorns out in the woods and to some extent inexperienced workers are somewhat of a problem in the sense that it is dangerous. You can be dangerous to somebody else as well as yourself. I think there's a tendency to look out for one another. My feeling was that they would tell you what to do. I sure as hell tried hard to do what I was supposed to do, too. There was no sense of wanting to come up short, beyond just being inexperienced. So I think it had an effect, but I'm not sure that wouldn't be the same thing if you started out new or anybody else started out new. I'm sure if you asked the guys in the crew down there what they thought and whether they were really interested and did they treat us differently, the answer would be to some degree, sure.

Loggers are kind of interesting people. They're used to doing their own thing pretty much. They're pretty independent, were, probably still are. They take you or leave you on the merits. That's not true of all. I wouldn't answer that same way about everywhere I worked.

I think we're going to have to leave the woods and go to other things.

Edgerly

Yes, I realize we're down to the end of the time that you have to spend today.

This marks the completion of the interview conducted on January 31, 1984 with Mr. George Weyerhaeuser. This is also the end of Tape II, side two.

This is an interview with George H. Weyerhaeuser, recorded on Tuesday, March 27, 1984. This is Tape III, side one.

Edgerly

I went back through the transcript. What we've done has been transcribed, but I haven't audited the tape against the transcript. I need to check that for accuracy, but I did go through to review where we were. The last time we met, we were talking about the summer of '47 when you spent time at Vail setting chokers. You said in response to a question I asked about it that you didn't feel you'd really been treated not markedly differently from anyone else just because your name was Weyerhaeuser. You made some observations about loggers and the kinds of people who worked in the woods. Then you went back to Yale for another year. You were married in the summer of '48, am I right?

Weyerhaeuser

Yes, I went back to Yale for a year and a half more, because I went back after I was married, too. I tried to get them to let me out of Yale, because I had all my requirements finished. But Yale had kind of a funny idea that you needed a certain number of credits irrespective of what you've completed in your major. It seemed to me kind of unnecessary. I'd done everything I had to do to graduate except the number of hours.

I went back for six more months or whatever it was and graduated at the end of January in '49. I had a marvelous time. I could have actually finished as though I'd never gone in the service, if they'd let me out that spring. It would have been my chronological age and everything even though I'd spent two years in the service. I had gained both credit for service and going to summer school twice. I went when I was a senior in high school and I went when I was a freshman. I almost got out of there at the same time I would have had there been no war interruption.

Edgerly

So in the summer of '48 then you went back to go to summer school?

Weyerhaeuser

No. My summer school was senior year and freshman year.

Edgerly

Oh, I see. Senior year after you graduated from prep school.

Weyerhaeuser

Before I was 18. They had accelerated programs at both prep school and college, because so many people, I suppose, had service interruption. So I chose to accelerate. I picked up in a sense a full year that way with two summer sessions. So when I came back, I was a sophomore instead of a freshman.

Edgerly

What did you do the summer that you were married?

Weyerhaeuser

We went to Europe. We spent the whole summer in Europe. We were married in July and came back in September, but we were in Europe for two months, so we traveled all over Europe. We went over with the U.S. Olympic team on the America. I had one good friend who was on the Olympic team in rowing, Bob Martin, who worked for the company for many years and just retired a little while ago. So then we took off. The games were in England and we went to France and Italy and Switzerland, Scotland, Wales. We had an absolutely super time and then came back to New Haven. We rented a house. I didn't have any requirements to meet, so I studied all electives including some forestry.

Edgerly

Had you taken some courses in forestry before that semester?

Weyerhaeuser

I don't think so. I think maybe I had taken one, I'm not sure, but I only took (a total of) two. It was kind of interesting. They were anything but rigorous. I enjoyed the forestry courses. I couldn't tell you what they were at the moment. That was my first real exposure to the forestry school. There were some interesting teachers and I enjoyed that. Picking courses that you're interested in and kind of like, it wasn't advanced mathematics or anything, so that's how I sandbagged my way into getting an honors degree - not intentional but easy nonetheless. I'd gotten pretty good grades by the time I came out of prep school. I was second in the part of the class that graduated with me and I'd learned how to study by that time. But until senior in college, I certainly hadn't broken any records in college academics. But I had very good grades in that last part at

Yale because I was taking things that were interesting and easy. I really did enjoy the tail end. I can't say really that I got a superior education or that I thought going to college was a terribly challenging or interesting experience. I had a feeling then and I still have a feeling, that in peacetime and under other circumstances, college would have been a heck of a lot more interesting and maybe more beneficial, I don't know.

There was an advantage of being older, I think, with service experience, in that I think you go at it a different way. So in some sense, the interruption was negative; in another sense I would say it was positive. I think we came back with a bunch of guys that were somewhat more serious. All in all, I enjoyed the college experience, but if somebody said if you had it to do over again, I guess something somewhat more challenging and less interrupted would have been better.

Edgerly

When you decided to take the courses in forestry, had you made some decision then about whether you were going to come to work for Weyerhaeuser Company?

Weyerhaeuser

I really can't tell you when. I didn't have any flash of brilliance at some particular point in time or flash of insight into what I wanted to do. I think it was somewhat more typical of the times and certainly of experience that I had and others that I knew had that we did things much more sort of automatically and without worrying too much about them. It just seemed like a perfectly natural thing to do. It wasn't pursuant to any instructions from my family or father or any great trauma of decisionmaking. I think it was just a combination of recognition that it was there and there to do if I wanted to do it and a positive view about what our company and history had accomplished. So it was sort of "go to it and see what happens." Pretty much everything that happened to me down the line was reasonably constructive. Although I think my wife reminds me every now and then that I was impatient and things were not always as rosy as my recollections when it comes to talking to my own kids and all about current circumstances and careers. I guess I have a tendency to look back and say, "What's the big problem? Get in there and go and things will work out." And I don't mean by that get in there and go in Weyerhaeuser, necessarily. I don't think it's all that important where you start although seems so at the time.

Edgerly

Was Wendy in school the last year that you were?

Weyerhaeuser

No, she graduated from Finch, which was two years. She went to a post-graduate course at Finch, which is in New York. I don't know that she would characterize it this way, but I think it might be called a finishing school. Two years was a full term. She went three years, not because she couldn't graduate; she just stayed in New York one more year. Then when we got married, she came on up to New Haven, of course. That was the end of her academic career.

Edgerly

You graduated at the end of January in 1949 and your first job was at Longview in the pulp mill. Do you remember when it was that you started there? Was it straightaway after your graduation?

Weyerhaeuser

We just drove down the Blue Ridge Mountains of Virginia and went through the Smokies and down into (it was the middle of winter then) Alabama and stopped in to see the McGowans at Chapman, Alabama. They've been in the forest products business a long time in a family company. I'd met a couple of them, but Keve Larson, who was our - it's an understatement to call him a marketing manager or sales manager of pulp, he ran it, he was it. He worked for Howard Morgan and worked independently and ran the whole thing. His wife was a McGowan. There were four brothers and a sister, maybe only three brothers. One of the McGowans was the founder, co-owner, or whatever of Pomeroy and McGowan, the southern premiere forest consulting company. One of the brothers was active in the family company in logging and the other in political and another in political affairs, Earl. The oldest brother, Floyd, was active in industry affairs.

Edgerly

Were they your father's contemporaries?

Weyerhaeuser

Roughly. I think Earl had been in the state legislature and later was the chairman of the Mobile Port Commission and one of the leading forest industry people in the South, active in associations. I still play tennis with him at the Business Council. He's in his 80s, lives in New Orleans. But anyway, they were a wonderful family and their mother was still alive. She was a fabulous person. Wendy and I went down there, stayed a couple of nights with them.

Edgerly

What headed you in their direction?

Weyerhaeuser

I can't really remember. I probably ought to be able to remember. I really can't, though. I can see how I met them, maybe, and I had contacts with them through the years, but I can't reconstruct exactly what led us there. We were driving home from college and had never been in the South, so probably it was the family and industry connection. Then we drove on out to California and on home. I think I went to work within a month or something like that, maybe a month and a half, of the time I had graduated. So it was pretty much just a trip home and down to Longview. I went to Longview primarily because I thought it would be worthwhile and interesting to get some familiarity with the pulp part of our business. Howard Morgan was running the pulp business. I guess he had come on board not too long before then. I had talked to him some about going to work and he set it up for me to go down and visit. Ray Baker was running the Longview operation, later ran Southwest Forests, and I became very good friend of Ray's. They were just building, just completing, the kraft mill at Longview, so it was a brand-new mill and I went around couple times, visited with the guy who built it, Jerry Alcorn, who also worked for Howard. Then Ray started me working for a giant in the industry out in the power and recovery units whose name was Tom Stewart, who later was our expert for many years in that part of the pulp business. A fabulous guy to work for.

(There is an oral history interview with Tom Stewart which was done on January 24, 1975. It is in Record Group 11, Acc. No. 77-37.)

Edgerly

I don't think I know anything about him.

Weyerhaeuser

No reason you would. It's kind of running boilers and turbines. A very competent combination of leader and engineer and just a very hands-on, capable guy. I'm embarrassed to say I haven't seen him for years. I'm sure Tom isn't alive anymore. Ray Baker still lives in Longview.

They were trying to figure out a lot of things. They'd put in one of the first, maybe the first, recovery furnace which converted sulphite waste liquor back into recyclable chemicals. I think it was a process that we developed and then later licensed, using magnesium instead of calcium liquor base, magnesium bi-sulphite. In order to burn the residual waste liquor, you had to evaporate it. Nobody had done that and they had tremendous problems, design problems, scaling problems, they couldn't keep the evaporator tubes clean and they plugged up all the time. I spent a fair amount of time working 16 hours a day working on the end of a drill, drilling out the evaporator tubes, because we didn't have sufficient recirculation to keep them clean, which is a design problem. Later on, I think they used baffle types or different types of evaporators. So we couldn't evaporate the liquor and we had a couple of little furnaces there that were one of a kind and they had to learn how they were mis-designed in major respects. That was in the old mill that was built in 1930 that we were recycling the chemical. It had been converted from a calcium base to a magnesium, a considerable investment. That was nothing but in the early stages with headache after headache trying to keep that thing going. And they were starting up a kraft mill, so I got a full course in all the mill startup.

Now we're talking about mills. I suppose in those days, I think the kraft mill capacity might have been 200 tons a day. Today it's 800 or something like that. It was a small mill, but not by those day's standards. But we didn't know how to run one. We'd never run one. That is to say the people that built it were engineers and knew the basics, but knowing how to build it and knowing how to run it are two different things. And it was just one set of breakdowns and headaches. It was a good time to get in with relatively new crews and new situations and whatnot, learn the hard way about how things don't run, I guess. It was a very, very hard time. I worked long hours in that mess down there. When things don't run, they spill and you're forever cleaning up and breaking

down, all hours of the day and night, working rotating shifts. I'm glad I did it, but I'm glad I was 22 or 23 years old, or whatever it was, when I did it, too.

But anyway, I worked in the sulphite mill, which had been running for a long time. They had a lot of skilled guys. It ran, apart from the recovery part, relatively well. They had one new mill, one old, and well-established crews.

Edgerly

Now what were you working on primarily?

Weyerhaeuser

I worked in the various departments. I'd work for a month as a fireman's helper on a recovery boiler, or I'd work in the digesters as a second helper, the bottom jobs that are easy to learn. I guess, parenthetically, that the union in those days... This was union shop; you had to be a member of the union, and the company had to have an agreement that I could fill those jobs. Most of the jobs, of course, are still filled, were then, by seniority and so what I was doing was the bottom job, in a sense, in every department. For a year or so.

Edgerly

Did Ray come to you and say, "How would you like to change your job this week and go to another job?"

Weyerhaeuser

They did it, I didn't. I didn't have any idea. They gave me a look at the two different mills, plus power and recovery. But it was a look at, not in the sense that I was carrying a notebook around, it was a look at whatever was there to be done as a regular helper's job in each one. So I earned the rate for what that job and did the job. But they obviously were jobs that were open, one job a month or every couple of months. I think I worked maybe as much as a quarter at a time in different jobs the first year. Then I worked for Tom for quite a while. I ran the turbines; I was a turbine operator in the power unit. I'm not quite sure how I got that job, because that was a pretty good-paying job. I was the top guy on the shift, so that must have been at the tail end of the year or whatever. There you're dealing with testing and managing the control units, the switchgear, monitoring the thing, testing the water. So you were learning all the time. You get equipped for one job and learned about some of the problems. That was interesting.

Then after I'd been in more than half the departments probably, they put me in as tour foreman, shift superintendent, they call them, which moved me on to a salary job and it was the first-level foreman's job.

Edgerly

That was in the kraft mill?

Weyerhaeuser

Yes. Then I stayed out of the sulphite mill and was just kraft. There were four of us; we'd rotate the shifts. We'd be top man on the shift at night, and there was a superintendent over the whole mill, Hugh Wickett, a wonderful guy. He has two sons who work for the company now; he's retired. So for the last year, I guess, probably the better part of the last year, I was a shift superintendent. So when things blew up at night, I was either on my own or I'd call up Hugh and get him out of bed and ask what I do now. And we were still having a hell of a time running the mill, it was still kind of a mess. The finishing department was a separate department, which the pulp mill shift superintendent didn't have anything to do with, but everything else, the cooking, liquor cycle, washing, screening, bleaching, was under the shift superintendent. So it's just sort of the center of the whole pulp mill.

Edgerly

Who would have been your own peers in that position?

Weyerhaeuser

They were four. The only one I can name is Joe Brown. He came out of the Institute (of Paper Chemistry). Brighter than hell, a doctor. He knew everything about everything. So there was quite a contrast, I'm sure. And we'd relieve one another, talk about what happened, and what was going on, what was needed - not only Joe, there were two other guys. The shift guys usually were experienced, so I had one well educated and not too experienced, probably Joe was like 28 or something - he seemed older than the hills to me. And then there were a couple of guys that had probably worked up through the ranks in the pulp mills. They probably were in their 30s or something like that, or maybe 40s, but more experienced guys. So it was darned interesting.

I think that before I became shift superintendent, there's another job in the pulp mill called shift chemist which is a technical job. You're taking the data from each department and testing. You're either taking data that other people are generating in their tests, or you're taking samples and doing some testing yourself and charting, so you get a reading on whether things are in control or out of control, chemically in balance, heat and time. They call that a shift chemist and I had that job. So that's a technical man working under the shift superintendent. So that was sort of the natural step up to the next rung. I enjoyed that a great deal. By the end of a year or so at that (shift superintendent), I'm pretty sure I initiated the next move. I probably figured I knew it all by that time. I think I wanted to get some lumber experience and I'm not sure how that next step took place, except that I wound up talking to Jon Titcomb, who was at a relatively new mill down at Springfield and when I talked to him, he offered me a job down there. I'm pretty sure that somewhere in that process, I either talked to Charlie or Dad or both and that I just don't know, but my guess is that Charlie probably told Jon to take me on. I've forgotten.

Edgerly

Were you aware of what other people have described to me as being a substantial psychological separation between the pulp side of the business and the lumber side of the business at that point?

Weyerhaeuser

Oh absolutely, it was tremendous. Well, I was more aware of the Chinese wall within Longview. Harry Morgan Sr.'s purview was on the other side - wood products. Harry's dad, Harry Sr., I think literally was appalled and I don't think ever forgave me for, first of all, working in the Pulp Division and second of all, when I went to lumber, going somewhere else. Harry's dad, I knew; he lived next door to Howard Morgan, as a matter of a fact. Two Morgans were on Lake Sacajawea side by side. That's as close as the two activities ever got together, too. Of course, that split went all the way up through the company. The Pulp Division was largely a new creation. Largely from the day Wolf started it, I think, in terms of engineering and design it was separated from the traditional Weyerhaeuser engineering. Otto Schoenwerk was hired. We had separate research, we had separate engineering, we had separate management. It came right up to the top. And, as a matter of fact, Howard Morgan had a different relationship with Charlie than any of the others. Of course, the others were individual mill managers. They were also independent, very independent, I would say. You didn't just transfer even

within the lumber division in those days. We had a fair number of people at Springfield that had to quit and their service was broken from Everett to go to work for Jon Titcomb in Springfield.

Edgerly

Why?

Weyerhaeuser

The mills hired their own people and fired their own people. You were not a Weyerhaeuser employee first and everything else second; you worked for the unit you worked for. So people that were working in the maintenance and mill superintendents, etc., they could talk to another mill manager. Jon hired me, not somebody (for Weyerhaeuser). In my case, I'm sure that he probably talked to Charlie to see, so I don't mean that I was typical. But I'm telling you that in those days when we started new mills, you didn't have any transfer rights or anything else between units. Snoqualmie Falls was Tip O'Neil's mill and Twin Harbors was Dave Fisher's and there was a great degree of competition and independence and autonomy and, to some degree, jealousies.

Edgerly

I didn't realize an employee couldn't, at that time, make some arrangements to transfer.

Weyerhaeuser

I don't say we never did; I'm just saying that there were plenty of cases where at Springfield specifically (where there was a break in service.) Jon had worked at Everett and he knew a lot of the people up there and they knew him, and a lot of them evidently liked him. But they didn't go and ask for Lyn Reichmann to transfer them. They talked to Jon and they said, "I've got a job at Springfield and I'm leaving." They left and were signed on down below as a new employee. It sort of illustrates the relative independence. Of course, the history (of the company) is replete with Sales Company concern about that independence in the sense that they made what they wanted to make. They wanted a discourse on prices and mix and everything else. But when push came to shove, the mills did their own thing. Of course, it was not inconsistent with the way the industry ran, either. These were localized units. They hired, fired and they had different raw material mixes and they made different things on different machinery. There was no structure over them, other than they were under an assistant general manager or general manager. When I was a sawmill manager, we knew who we were

working for; it was Charlie Ingram. We went up and talked to Charlie about capital. When they began to interject staff into the picture, it was very, very traumatic, awkward, didn't work very well. I guess Charlie had a couple of different guys that he had as his assistant or as industrial relations managers. They didn't go very far, meaning that they weren't very well accepted and they didn't have authority.

With logging operations, it was the same thing, independent and very often independent from the mill at the same location, usually independent from the mill, not necessarily from the mill manager. When I was mill manager, I had a fine logger down there working for me at Springfield and when I interjected myself into woods affairs, it was damned tender. They were doing their own thing. They had their own roads planning and we had engineering, woods engineering was separate. They didn't have a lot of interchange. What I'm saying is, there was a lot of autonomy, even departmentally.

We didn't have much tolerance for forestry. Ed Heacox, as one of the early foresters, talked for hours on the subject (of forestry) and its being a second-class activity. The quick answer was they didn't know quite what to do with him and he didn't have a hell of a lot of authority and you put him in there and you have some real, tough, hardboiled loggers in there building roads and cutting timber. They (the foresters) didn't have much authority, or none. It was just do your own thing if you can do it, but if it begins to interfere with what else is going on around here, watch out. It was fascinating to listen to him. I knew the loggers and the loggers were in charge. I tried to work across that raw materials supply question when I was at Springfield. I'd work with my scaler, Charlie Logan, who later ran the whole company's scaling and grading and pond and all that, which would be viewed as the interface between the woods and the mills. I worked very effectively with him, but he didn't have any authority over the woods and I didn't exert much over the woods. I don't know that that's all that different. It wasn't at the time in most of the woods operations.

Everett, of course, was the prototype and Everett didn't have any woods operation. They were a market mill. They bought their logs. They complained bitterly. There was continuous argument about whether the logs were scaled right, whether they were the right grade, whether they were bucked right or whether the transfer prices were right. So we had the woods operation down at Vail/McDonald run by various people. John Wahl was down there for a while. John then worked for Charlie and he was over all of the woods, in a sense. He had a great deal of respect and he made changes. He could make

things happen in the woods, because of his own experience, but before that time, I think the woods were pretty much autonomous, individual units. When I came up to Tacoma, I had a new woods manager under me, Phil Hogan, fine logger from Coos Bay - quiet, soft spoken. And I think he kind of reverted slowly back to the earlier days when he wasn't nearly as assertive or senior or recognized as the leader in logging as John Wahl was in the whole industry. We managed with a fairly light hand. So there's lot of history there.

Anyway, they had a training program at Longview where they had quite a cadre of young people in the lumber operation. Oscar Weed was in that for a while and I knew a few of them. I didn't give it very much serious consideration. Nobody tried to urge it on me. So I just made my deal and went down to Springfield and I started over.

Edgerly

Was that the thing that put Harry Morgan's nose out of joint, the fact that you didn't pursue that training program.

Weyerhaeuser

Two things, I think. It was partly kidding, but it was more the competition between the lumber and pulp, I think, that riled him, that I would think it would be significant to work in the Pulp Division instead of learn the lumber business. I don't want to exaggerate. They didn't spend all their waking hours tearing each other down or whatever, but there was very clearly a communications and authority barrier right down the middle. There was esprit d'corps and there still, to this day, are different kinds of people; they affiliate with their own operation. In those days it was, "I worked for the Pulp Division." It was a very clear demarcation. They didn't have meetings of all the managers as they do now. The mill managers would be lumber mill, in earlier part of my days. In later years, we'd all get together with Charlie. While we weren't really working problems together. The Pulp Division was a group and Howard ran it. Howard and Charlie got along fine. But partly, that was (because Charlie accepted it as) Howard's bag. Dad and Charlie were very good friends and worked very well together. Different types. But again, these mill managers were Charlie's. That's not to say we had any doubt about who was running the company, but we dealt with Charlie.

Edgerly

In '51 you went to Springfield. Was the plywood plant in operation yet then?

Weyerhaeuser

No. I think it was under construction. Willard Burrell was the first manager. We had the manager on board when it was under construction. He made a lot of the decisions and worked for me. He and I were very good friends. He hired the crews and put the whole ballgame together. Now we'd been in the plywood business ever since the Washington Veneer Co. and the old Springfield Plywood Company which we owned a part interest in and later sold to G.P. These all preceded those the company owned 100 percent. Longview was the first and Springfield was the second. So we built Longview and my guess would be Longview might have been '48 or something like that and then our own Springfield plant in 1951 or '52.

Edgerly

The interview continues on Tape III, side two.

This is a continuation of the interview with George Weyerhaeuser on March 27, 1984. Tape III, side two.

Edgerly

Was there a problem with getting the necessary expertise to run the plywood plant at Springfield?

Weyerhaeuser

I don't think so. The reason I say that is there were skilled jobs in there, but there were enough plywood plants around. Willard, I've forgotten what his experience was, but he was experienced and he picked key people so we didn't start from scratch with experience. They hired crews just as we did in pulp. The pulp industry kind of had its own skilled people who had a history of going from mill to mill. It wasn't a company promotion ladder. Obviously we didn't have very many of those. But the tradition in the industry is, when a new mill starts up, guys apply and upgrade from whatever they were doing in their previous mill, previous employer. Somewhat the same in plywood. But we didn't suck a lot of sawyers over to try to run a lathe. For key jobs, I think, Willard hired from the outside. And then (those in) the second-tier jobs, the key guys would train, so you learn it on the job, more or less. They hired more locally. Now Willard worked at it. But I don't remember it as being any particular problem.

Edgerly

Were there any difficulties in particular that you remember relating to the startup of that mill?

Weyerhaeuser

You bet. We had timber stands that were overaged and very defective and that posed problems, in utilization of the low-grade veneers. We wound up developing a product called ply-veneer, which would utilize low-grade veneer in a sandwich with paper. We had all kinds of headaches designing a new product and a process from scratch. I think we probably had, over a period of years, four designs, each one improving materially, to get a flow of that low grade. It was very brittle and breakable, all kinds of holes in it, very difficult material to work with. The alternative to that was in the chip conveyors. The whole complex at Springfield suffered with that low-grade material, because a heck of a lot of the cubic volume wound up in the conveyors and then you wonder, "What am I going to do with the conveyors?" It was not ideal furnish for the pulp mill either, because of fiber strength in much of that material. The yields were low and fiber strength was poor. So they weren't all exactly wild about the lower ends of those logs and the plywood plant wasn't and the sawmill was making utility lumber out of it and selling it for cost or very little above.

So the whole complex had a low-grade, low-yield set of problems. In the sawmill took the form of, these logs would come in, you'd get a run of low-grade logs and the whole back end of the mill would be absolutely inundated, the conveyors all full and the trimmers all full and everything going down in tiny little bits and pieces, plugged up all over the place. The mill was a very difficult mill to balance, because instead of having a good, uniform log, which produced a good steady flow and you could balance the machine centers, it would all come in great big surges of junk and then too much good wood and you were always out of balance and always buried. I remember when I first went to work in that sawmill, it seemed I was always on the problem because one of the big problems was how do you keep the bloody thing going. You're under ten feet of stuff coming out of these trimmers or out of the resaws. You couldn't get the good separated from the bad. So you were fighting plugups all the time. It was just an horrendous mess.

Edgerly

Where were those logs coming from?

Weyerhaeuser

There were two main areas we were logging in, three really, when I was down there. One big batch was coming from Sutherlin, which is down by Roseburg. The farther south you go, it tends to be a little poorer timber. We had some very beautiful, big 450-year-old timber east of Springfield and then we were up north of a place called Gate Creek. We had timber that was ranging from 300 years to 450 years old. There were various degrees of defect by area, but it wasn't always predictable and you couldn't control the flow. We harvested and you got into large areas where there was white speck. The white speck came from overage timber that got infected with a disease called *Fomes pini* (red ring rot). What happens is that it would go in the dead limbs and then it would travel from those old limbs up and down the trunk of the tree and you'd get big streaks of this infestation, which wound up eating away at the fiber.

Edgerly

Is that a fungus?

Weyerhaeuser

Yes.

Edgerly

What is the name of the disease?

Weyerhaeuser

Fomes pini. The spores would spread. The deterioration of the wood is going on over years and years and years. All this timber is virgin timber and it was quite old, quite fine grained and made beautiful, clear lumber. But after you ran into these pockets, it downgraded it all the way to utility and economy lumber and produced a very, very low yield of lumber by the time you got through trimming. Not only (was it) low yield, but very short, which nobody wanted or very narrow, all adding up to low value and an awful mess in processing. The same thing's true on a lathe. You'd peel this stuff and you run into it and instead of it cutting through, it just crushed; it didn't have enough internal strength. So the lathe would have a big pile of junk and then it'd go into the dryer and dry it, it gets brittle and it breaks when it's out on the other side, so it didn't have sufficient strength to carry it through the processing. We had no mill that had anything like that. We avoided that timber and others did too for a long, long time. It wasn't accidental that Oregon timber was developed later. That's partly geography, but also

partly because of the quality of the timber. A lot of that timber was bought in the '40s, ours and others, after the Depression. It wasn't worth anything; the timber down there was selling for \$1 or \$2 a thousand, this is 1940, not 1900, because it was so defective. It was useless in the early days. And it was marginal when we tore into it. Then of course, the values just went through the overhead in later years and you certainly couldn't afford to waste it, so we were whittling away trying to get what we could out of it. We're still doing it.

Edgerly

Is that the reason that the Springfield mill was redesigned, or parts of it redesigned, in I think maybe it was '53, '54?

Weyerhaeuser

It was constantly redesigned. We had to put in more headrig capacity because we put in a double cut, but that was earlier. Then we put in later years another short rig, to take the segments. When I was there, we put in a log processing center with the big hydraulic barker and a merry-go-round out there so we could saw segments out of these logs and return portions of those logs to the plywood plant where we didn't have enough solid, good length you'd cut between the defects and then that took us into shorter segments in the sawmill. Later on we put in a short rig. And in the back end of the mill we kept adding, changing conveyors and capacity in order to cope with all this junk that came back there. So that mill went through ten or 15 years of flux trying to get the flow straightened out. As I say, the plywood plant was a little more straightforward, but still the productivity, the yield and everything were affected by this and the value of the material coming out the other end was affected. So you had a lower value coming out and more processing problems, more waste. All that waste, we had conveyors plugged going into the pulp mill.

Then Jon Titcomb got the bright idea one time, the pulp mill needed more chips or whatever, he said, "We'll get you more chips." What he did was he saved all the low-grade logs to run at night and then instead of just charging them for the chips, he charged them for the logs and for all the labor. So they'd take these chunky logs and spend a lot of time and effort on them and the chips coming out were very expensive. Jo Julson of the Pulp Division used to rant and rave about that all the time. Jon was the senior of the two. He'd save cants for the lumber out of that night shift going down in the gang pit. Then I think he would credit the Pulp Division for the average cost of the

log for the portion that he high-graded out of it. So we'd make flooring or whatever out of that and so the Pulp Division wound up getting horrendously high chip costs and a low-grade material.

Edgerly

It seems to me I've seen references to Jo Julson's battles over the price of chips. I think I've seen some material on that from time to time.

Weyerhaeuser

Later on, Dr. Brown ran that mill for a while. That was after I was gone.

Edgerly

What did you do before you became Jon Titcomb's assistant? I don't think you did that right away, did you?

Weyerhaeuser

I should say not. As I say, it seemed to me I chased after plug up problems in the sawmill. I worked out in the sawmill when I first arrived. One of the big problems was the flow through that mill. There's a whole series of things called separators. You're talking about a whole lot of stations that are run by men with flipper arms that are making judgments: should it be resawed? should it be trimmed? should it be sent down to the green chain as it completed? So I ran separators, I spotted for trimmers, which is just the lineup man getting the material onto the machine, worked on the edger, same thing. Obviously you had to know grades and sizes to operate either a trimmer or an edger. I hadn't studied lumber grading or anything, so I was just muscle helping a machine operator, I and a lot of other guys, which is the equivalent to the pulp mill helper or whatever. In this day and age, they don't have those kinds of helpers. In other words, there's much more automatic spotting and flow, whereas in those days it took ten men and a boy to keep the lumber moving into those machine centers. That's what I was doing. I worked there for a few months; it was always different. For three weeks or a month, I'd work on one job, then another. Again, I got some idea about what the machine centers were doing. I went to lumber grading class at one point.

Then I went over and worked in the stackers and unstacker and dry kiln, not for too long. Jon was getting me ready to be foreman over there, so I spent some time before. Then I was a foreman in charge of getting the lumber all the way from the green chain

through the kiln process, graded, sorted and back to feed the planers. Before that I worked in the planing mill stacking, bundling, behind planers. I loaded cars in the shipping department, where you're two-man teams loading the cars by hand. None of it for any great length of time. So I'd worked in all but the powerhouse in this case. Powerhouses are somewhat similar. I was in terrific shape, pulling lumber and all that. And that was hard work. Being a shift foreman was long hours, but not hard work. So after a couple of years of married life and ease of foreman and shift superintendent, I really had to go back to work. It was hard work.

And then as a kiln foreman, the foremen would meet and schedule the mill, usually schedule from the orders. The shipping superintendent was the key guy, and he scheduled the whole mill and would tell the sawmill what kinds of things he needed. Then I'd have to be sure I got the stuff into the planing mill. There was the planing mill superintendent and me and the sawmill foreman. So I got a chance to see how the whole thing came together there. I'm not so sure how long I did that, maybe six or eight months or a year. Then Jon pulled me in to work as his assistant when he knew he was going to go to Tacoma. I worked for him for six months or a year.

Edgerly

It says in the one reference I found that you became his administrative assistant in '53.

Weyerhaeuser

Yes, and he left in '54. So a year, I worked for him for a year probably. Now he had me on projects. We had things we were worried about and I had a chance to see what was going on in the woods and work with other people.

Edgerly

What kind of a person was he to work with?

Weyerhaeuser

Jon was as independent as a hog on ice and he expected you to do what he told you to do and he didn't give you a lot of clues about how to do it. So he was a good delegator. He was a fearsome character.

Edgerly

Why do you say that?

Weyerhaeuser

Very abrupt, New England type. Not easy to know. People liked to work for him and with him. I'm saying different things and I'm not quite sure why. I think it probably had to do with the fact that you weren't going to get an awful lot of warmth or credit or backslapping out of Jon Titcomb. He was a tough cookie. In spite of that, he was fair and he was interested. He brought a lot of younger guys along, had a lot of good people. Good training, it was a good training ground, I think, to work with a man like that. I had a great deal of respect for him. He meant what he said. The union knew that and we knew it. Disciplined organization.

Edgerly

Was he a good mill man as well in terms of knowing the mill and its operation?

Weyerhaeuser

Yes, Jon knew mills. Tight as a tick and careful. Old school. He told me one time after he'd been working for me and working for the company for 30 years probably that he'd never paid more than \$12 for a hotel room in his life. He didn't give anything away, in business or personally.

Edgerly

What was his relationship to Charlie Ingram?

Weyerhaeuser

They had a great deal of respect. They were very good. Charlie gave him a lot of rein and he was an independent guy and he worked with Rich up in Everett until he got his own mill, I think he was a perfect fit for the job and the way we had it structured in those days. Jon always had a lot of strong points of view and did whatever there was that needed to be done. I think he and Charlie both scared the pants off people generally. You didn't waste their time. There was a fair amount of fear and trembling when they were being addressed.

Edgerly

What was his relationship to the union and the members of the crews?

Weyerhaeuser

I think he was a pretty good adversary. Harvey Nelson was a key guy in the IWA for many, many years. I know there was a lot of respect there. Jon conducted things personally; he didn't delegate them. Business agents were sort of secondary in the picture. Jon dominated, I think. He was tough. We had a couple of strikes, long ones. But I think, as with other people, the union did not consider him to be unfair, just tough. I think they respected him. He spent time; he wasn't on any pinnacle or in a lofty tower. He was out there. He was known and he talked to people. He'd have town meetings. He was visible and available and involved. I was lucky to be in with somebody like that.

One thing I left out at Longview. I'm not sure what the sequence was. I worked over in the Pulp Research Department under Harold Bialkowski for a while. I was fiddling around working on small samples of dissolving pulp, making cellophane and different kinds of things out of it. I'm not sure how I got there. Maybe it was just something Ray wanted me to do somewhere along the line. I enjoyed it for a number of months.

Edgerly

That was part of your educational rotation?

Weyerhaeuser

Yes, I think so. I think when I was working over in the lab, the Lumber Division or the boom men or both went out on strike. So I don't know whether it was my idea or Ray's, but I went over to help them feed logs into the hydraulic barkers and chippers, because they needed supervisors. But I was also a member of the union and the pulp union found out about it and they were going to shut the whole place down. So my boom career didn't last very long.

I must have worked for Jon a year as his assistant. It was a fair amount of time there. I enjoyed that. I got a pretty broad view of what was going on.

Edgerly

Did you, during that time that you worked as his assistant, have any responsibility for relations with the community of Springfield?

Weyerhaeuser

Not really. I was involved at various times in some of the community affairs, but I don't think as a matter of assignment. They were trying to build a hospital there or build and/or expand a couple different things. I got involved with the mayor of Springfield, Ed Harms and other people. But I don't remember Jon saying, "I want you to do this, this or this in connection with the community." We had quite a few people who were involved. It was a new, growing community and lots of problems. There were no sewers. It had a lot of growth pains and we had problems with the community of one kind or another and they were trying to annex us about every other year. So there were lots of things going on with the community. Jon was working a lot of those and Jo Julson; they were active, both of them, maybe Julson a little more than Jon.

Edgerly

I wondered if there was any conscious strategy or approach to the community from the standpoint of the company. Today that would be represented by Public Affairs person, for example. I know there wasn't such a thing at that point, but I wondered if they saw themselves in a particular light vis a vis the community as a whole and then tried to act it.

Weyerhaeuser

I think so and it was more somewhere between the top management and personnel department people. We had a number of people that were active. We had a fellow named Jacoby who was personnel manager in the Lumber Division. He had a couple of guys working for him, Dick Eyman who later on became the Speaker of the House in Oregon. He had seven or eight kids. Jon Titcomb hired him and a guy by the name of Straub, who later became governor. They both came from Dartmouth. Jon went to Dartmouth, so we had the Dartmouth Mafia down there. Both guys were Democrats, Jon wasn't. They wound up in the center of Oregon politics. Dick Eyman was active in community affairs and worked in the Lumber Division personnel department. As I said, there were problems in annexation, roads, water pollution in the river. We worked the McKenzie River until we were blue in the face. There were odor problems with the University leading the charge. We were certainly without a single defined problem or

responsibility, and there were a lot of people both aware and working on the environmental and community problem. It was not all on the negative. We had quite a fair number of people who were running the recreation district and on the boards of the schools and involved when we had community affairs. We had a guy who was an outdoor plant guy, Westerman, who was always in the center of building the floats for the parades and lots of other community activities. There was a lot of involvement in that small community, more in Springfield than Eugene, of course. So it was an interesting, developing town.

Edgerly

How did you feel about living in a small community like that? What kind of social life was there?

Weyerhaeuser

It wasn't too small. We lived in Eugene behind the University for the first few years and then we moved out north of town, but still in Eugene. Eugene was fast-growing and certainly not big by city standards, but by Oregon standards, a center. It wasn't like working in Valliant, Oklahoma or something; it was quite developed. It was a darned nice place to live, a big step up from Longview. And in Longview, with me working 16 hours a day in the early stages and all, we were busy, gardening and so on. Then in Eugene we had three kids in six years, so we weren't spending a lot of time on the drinking, dancing circuit down there. Nice country club. Played golf and we used to go and gather with a lot of friends. It was a very big change from Longview. We were just doing our own thing, which was also enjoyable. We learned a lot about, and we've had fun ever since, growing things and gardening. Wendy's been at it ever since and I fiddle around at it. We had nice places to live. If you had to pick in the Weyerhaeuser set of communities, I don't know that I'd pick any two in preference today. I might be a little prejudiced. I don't know where they would be. I don't think it would be Plymouth, North Carolina or Valliant, Oklahoma or Columbus, Mississippi by a long stretch.

Edgerly

You were talking about the production figures at Springfield. I made some copies of some data, thinking some of them would be reflected in your description of the kind of logs you were getting in. This was from a book that was in some of your papers. I thought maybe you could actually interpret some of this based upon what you knew to be coming into the mill at time.

Weyerhaeuser

We were adding some equipment and we went from a one-shift mill to making chips at night and making some lumber to a full two-shift and full two-rig and so you're seeing some of that in here.

Edgerly

For example, this is lumber sales. Here there's quite a difference between '54 and '55.

Weyerhaeuser

I think that might have been a major strike. I think so. I think that's when Jon was there and we had one right in there and that would be reflected in the '54 figures. We were adding. Then just before I left, I bought the Woodard thing, but I guess that wouldn't reflect in '56. The numbers jumped way up again with two mills, then a plywood plant. The ply-veneer plant would have been coming from nothing production. And we put a particleboard plant in.

Edgerly

While you were there?

Weyerhaeuser (looking at production and data sheets on Springfield for early 1950's)

It was at the tail end. That's interesting. I'm looking at '56 and dividing 1,000 into five million. I think that says \$5,000 per employee, doesn't it? That would be more like 20,000 some dollars now. These were growing and good years in general.

Edgerly

Obviously, you knew the inside problems that not would necessarily be evident here.

Weyerhaeuser

These overrun figures are ridiculously low. You think about normal sawmills with a 20 percent overrun or something and here we're even underrunning, cutting low-grade logs and we're trying very hard to take more and more off the ground. I've always been kind of preoccupied with that. When the lumber markets were halfway good, we just sawed everything known to man and we made an awful lot of low-grade lumber and we were selling it for \$30 to \$50 a thousand or something like that in the South. Here's the average realization now. That's a mixture of a whole lot of low-grade material being

mixed in with clear lumber at \$150, \$160 a thousand and an awful lot of \$50 a thousand. There wouldn't have been another mill in the world making that kind of a mixture. But that's lower and lower grade depressing the production. But we were getting more and more off the acre.

Edgerly

I think it is worthwhile, sitting down with people with something like this in hand. You can look at this and know exactly what was happening at that time, whereas another person looking at these figures wouldn't have any ability to interpret them. Here are some figures on depreciation on capital that also would reflect, I guess, some of the changes that were being made in the mill.

Weyerhaeuser

Yes. The gross would show that we're putting in some more major capital.

Edgerly

That figure remains pretty steady right there, which means a continuing investment.

Weyerhaeuser

That's right. You can see that buildup here. We're still bringing things on all the way. They always look amazingly small because the dollar's worth so little these days. It's hard to relate. When you look back 30 years and see that one tiny new sawmill at Raymond cost as much as the total Springfield complex just for a sawmill. We spent \$25-27 million. And I think the whole Springfield linerboard mill cost only something like \$20 million, maybe less; that first, approximately 200-ton mill.

Edgerly

It is interesting to be able to put some of that in perspective, too. Another question that I wanted to ask is about the condition of the timber. One of the things that I've read about is the beetle infestation that occurred around the Springfield area in the early '50s. Were you encountering some of that and was some of the logging going on related to where the infestation was? I don't know how much logging that you were doing would be shown on this map of the tree farm, but that was the only one I could find that was small enough.

Weyerhaeuser

This is what I was talking about - Sutherlin, so when we came down, we'd bring that down by rail and bring it into Eugene. This is the Sutherlin Block, which was acquired separately, very low grade. We had a lot of defect and we were logging way down there trying to clean that one up. We were logging in here near the Springfield mill. We had our own truck road out in here and this was called Fall Creek. I bought some largely second-growth land, cutover in close to the mill. But we were logging in Fall Creek and we were logging up in Gate Creek. Longview logged in the early years up on the ridge, Ryan Ridge, during World War II. Before Springfield got started they had an operation there which was shipping logs to Longview. Springfield never got started up there until the later years. But this timber and some of the timber in Fall Creek and over on the Calapooya were very, very low grade. We bought this timber in the 1940s, these blocks.

Edgerly

Was the beetle infestation in these areas that you were logging? So you had not only the just general deterioration...

Weyerhaeuser

Yes. We had the old age problem and the infestation, which was in various degrees prevalent all over. We had large second growth here which didn't have any problems. And this stuff I acquired later. And we then acquired all this timber south of Cottage Grove from Woodard. He had a mill here at Cottage Grove and a truck road up into the timber up the east fork of the Willamette with the Bureau of Land Management owning alternate sections. Then we broke a road over the divide - there's a fairly good-sized set of hills between Cottage Grove and our southern block. And instead of taking the timber down by rail and hauling it all the way up on the Southern Pacific and into Springfield, we pushed a road over the divide into our Sutherlin road system so in the later years all this timber comes into Cottage Grove. So we shortened the haul when we bought Woodard in 1956, I think, just before I left.

Edgerly

Were the edge gluing and end gluing operations part of trying to deal with the small sizes that you were coping with?

Weyerhaeuser

Yes. We just had mountains of stuff that were 3" and 4" wide and six to 12 feet long, and clear, no knots. So we said, "We have to sell them for one third-price or whatever. There has to be a way that people want longer and wider material and we'll glue it. We'll take the waste and glue it up and the cost and we'll produce high-grade material out of a lot of short, narrow strips."

Edgerly

Was the technology for that there or did you have to develop it?

Weyerhaeuser

Oh, it was evolving during the time. We didn't invent it, but we had to design the layouts. You had woodworking machinery, which would multiple rip it, put a good clean edge on it. Then you have to put it under some kind of pressure. There were machines in those days, one of which was evolving in Tacoma, which was electronic curing of the glue lines, which is just a way of saying instead of sitting it in a press and holding it for a fair period of time, you could develop a continuous process. Mann Russell here in Tacoma was one of the leaders and we put one of their machines in down there, so we were reacting to the mountain of material that was available and trying to find ways and means of upgrading it. It was not revolutionary in the sense that it greatly changed the economics, but we improved the economics of utilizing that material. And that's so with ply-veneer and edge and end glue and with the pulp mill, in a sense. We were trying to work off the low end of the material and produce a much wider mix of the product. I'd say certainly with an awful lot of pain and strain, three or four iterations of equipment, we created something in ply-veneer that is still contributing. Edge and end glue has changed immensely. We had too much labor and too much waste and the processing time was too long and those things have been improved over time and changed. I'm not sure what we're doing today. But we produced panels that were four feet wide, all clear. And maybe eight feet or ten feet or 12 feet long. We produced a lot of them. Then you have the option of making different products out of them. But yes, we did quite a lot of that.

Edgerly

I had heard of the edge and end gluing, but I didn't know how developed the technology was and whether it was readily available to you or not at that point.

Weyerhaeuser

The answer's no.

Edgerly

You were part of the development, I guess.

Weyerhaeuser

As a matter of fact, we sure as heck were and we took other people's equipment and then worked it into a process and changed the flow and the process. Time went along and improved and upgraded it. It made sense and made money, but it wasn't something for which you hired a consulting engineer to "give me one of these". We designed the flow and we put the equipment in. Individual pieces of equipment, however, were in other woodworking applications in other places.

Edgerly

The interview with George Weyerhaeuser continues on Tape IV.

This is a continuation of the interview with George Weyerhaeuser recorded on Tuesday, March 27, 1984. This is Tape IV, side one.

Weyerhaeuser

We had the difficult problems of keeping the equipment running. (It can be) sensitive to moisture, lots of different things you have to learn. So you had to have the lumber dried properly. Those things you learn. With ply-veneer I'm not sure anybody else has (developed it). Chicago Mill and Lumber developed a competing product with a process (which was) not the same, a little later than we did. They were in that business; we were competing in the marketplace and, I don't think anybody else out west developed it. Georgia-Pacific took a different route. They sort of closed their eyes to the specifications that were required in plywood, made their own specifications and just buried it in plywood and sold it as sheathing - a low-grade, actually not so low-grade. They covered it up with good-quality veneer and sold it on their own certification. In other words, the Association wouldn't certify it, but they did. It was good enough to provide function. They had hellish arguments in the industry and everywhere else about its being against the rules and everything else. But they did it and disposed of their white speck veneer. They made sheathing plywood out of it and put a C grade veneer over the top. This was a problem for the whole area, the whole industry.

Edgerly

Who was in charge of the logging operations for these areas?

Weyerhaeuser

A fellow named Charlie Preppernau. He's still alive. I haven't seen him for a long time.

Edgerly

What kind of a character was he?

Weyerhaeuser

Very short on words and short on temper and short in stature and a very hard-working and hard-driving guy. He ran the place. There was no question about that. And you'd have wood superintendents under Charlie at various locations. Again, I think those wood superintendents had a lot of leeway as to who was working for them, how they went about it. They hired and fired people. The Personnel Department was always beefing because they never got much of a look. They didn't hire them. They didn't send them up to talk to the superintendent. They wondered if there wasn't a better way to go about it.

Edgerly

How much time did you spend out in the logging operations when you became manager?

Weyerhaeuser

It was always a form of interest and recreation getting out in the timber and seeing what was going on. The costs were terribly important. Logging costs have always been an important part of the success or failure. We had good logging costs. I "eyeballed" the operation pretty well. And then we had a tremendous problem with grade. So I worked more on and spent more time with grade, the inventory situation, etc. with the log scaler, foreman, superintendent than I did trying to help Charlie with the problems of how to get the logs out. It was more a question of bucking, how did they buck the logs? What kind of lengths were they coming in? Where were the grade cutoffs? Were we getting the right amount of utilization? Were we bringing in too much low-grade stuff to process? So it was more a coordinating kind of a thing than spending any amount of time on the logging itself. We had a railroad haul up the Mohawk. I worked on planning that, trying to lower the transportation cost. I spent a fair amount of time in the woods, mainly because I liked it. And, as I say, the overall had some significance in our costs and yields.

Edgerly

You referred earlier to the fact that sometimes when you tried to become more involved or a little more directive in the logging area, you hit some tender spots. What were the tender spots that you mentioned?

Weyerhaeuser

I think just giving orders and taking direction didn't come easily either for me or to Charlie. Charlie was Jon's kind of strongman. Jon left him with a lot of leeway out there. So I don't think that he took too well to help from a new manager. I can't remember the specifics, but it had more to do with the fact that I was giving some direction than the particular disagreements over what we ought to do. I think it was a matter of independence more than anything else. Not true in the sawmills and the plywood; I worked closely with Willard Morss and with the foremen. So I didn't have any particular problems managing down there. I thought we had a pretty good team. They were well-established guys in their own right when I became manager; I didn't pick them. It was an interesting experience for a young man to be trying to discern what we

needed to do differently. I had some very good friends and I think we worked pretty well together. They're still good friends, the ones that are still around.

Edgerly

When you took the job as manager, did you take it having in mind some objectives which you wanted to work toward in that mill? Were there things that you knew definitely you wanted, for example, to do differently than Jon had done them?

Weyerhaeuser

I just think it was more a question of unfinished business. We were working at it, the mill had been under a change and growth. So I would say I don't think so. These things I mentioned as being problem areas were not due (to previous management). It was more a question of trying to make changes that overcame some of the obvious flow problems, balance problems, grade problems. It was kind of in a constant state of change, really. It wasn't something I brought in. "Here are ten things that need to be done differently here." Typical of sawmills, you're always trying to get more volume through and you're trying to get the grade up, you're trying to do a better job of matching your production to what your order file's worth. So there's a certain amount of push and shove on "Isn't there a better way to get this scheduling?" Difficult. You have hundreds of items you're producing going into hundreds of orders and they never come out right. You always had too much of a whole lot of stuff. Then you were always trying to find certain other items that we'd oversold, overcommitted on, and couldn't get out of the logs. It was much different in plywood. You produce to orders in plywood. Willard was highly organized and had a schedule all posted, knew what he was about. There was much less blood, sweat and tears over there. That was more of a question of cost and expansion and change. The sawmill and lumber operation was always a very complicated, a complicated mix of processing steps of trying to get coordinated with the sales. With ply-veneer it was just a question of learning and changing, learning and changing, trying to make the thing run. You had marketing problems. That was more a mill-centered thing. It was the only one we had, so we had the sales planning responsibility on that.

Edgerly

One of my questions is about sales. Who did take that responsibility there at Springfield?

Weyerhaeuser

We had a sales manager always who was working with the shipping superintendent and working with the sales people in Tacoma. He had a lot to say about what we made and was aware of prices and knew what the customer requirements were at any point in time. He managed the inventory, the data flow, the billing and he really was the sales manager. I worked for him for a little while.

(Barbara Maldon arrived.) What time is it? I'm going to have to go. I promised my wife that I would be on time if she would be. She's going to be here in ten minutes, she said, which probably means 20.

Edgerly

We'll wind up for today. This is the end of the recording made on Tuesday, March 27, 1984. The interview was concluded at approximately 4:30 p.m. We had met in the west dining area of the fifth floor at Corporate Headquarters.

The interview continues on Monday, April 2, 1984. This is Tape IV, side one continued.

Edgerly

We had pretty much covered most of Springfield, but there were a couple of things that I wanted to talk more about, one of which you referred to quite directly the last time. That was the acquisition of the Woodard Lumber Co. That would be the sawmill, the plywood plant and timberland. Those were pretty much the assets of that company. The land and the mill and so on, I think, are only about 20 miles from Springfield. To what degree were you involved in the negotiations for that?

Weyerhaeuser

I was very much involved in it. I was the principal initiator with Walter Woodard, who was one of a kind.

Edgerly

Why do you say that?

Weyerhaeuser

He's an absolutely remarkable gentleman, a self-made guy, was Mr. Cottage Grove. I think he was a millwright and he bought timber. I'm not sure how he got into the ownership of the mill. I suspect it was a little bit like my great-grandfather in the sense that I bet he wound up working on a broken-down mill in the late '30s, probably sawmills weren't in great demand. He started in a business from a construction and maintenance point of view. He had very strong views. He had the sawmill at Cottage Grove built, very unusual in those days, on steel foundations, steel underpinnings. He knew every piece of that place. He probably put part of it in place himself. I knew him. He would reminisce some about how he'd buy timber that, I suppose, had reverted to the counties, probably for taxes. He'd go down to the courthouse in Douglas County or Roseburg, wherever he was, and they'd auction off tax sale timber. The land wasn't worth anything in those days. He did have some partners who put money up, maybe not with him, maybe for him, I don't know. But he was the prime guy. I think it (the money) was from east, Detroit or someplace. It was kind of typical, Booth Kelly, for example. Lots of the ownership, the timber capital, came out of the Midwest. I think he had some midwestern or eastern partners or a partner, at least, who brought some capital to it. He built that thing up coming from being a millwright working on an old mill to acquiring possession of it and then buying timber from the counties. Then the markets, I suppose, began to improve in the '40s it would have been. I look back on it and it seems to me it was a long, long time that he operated that way. You think about it, I suppose the only time that timber values really began to take off was (after the war). It had been selling for \$1 or \$2 a thousand in 1941 or whatever. I don't know how much of it changed hands during the war. We bought quite a lot of timber in those days in the Calapooya; some from the Mussers. There were major blocks that we bought. There was a lot of timber being traded.

We made this deal with Woodard. My recollections tell me it was maybe 30-35,000 acres, something like that, which he accumulated in this process of buying timber cheap and running a pretty good mill operation. Nothing helps more than rising markets. Walter was probably 70 years old, had a son my age. I suppose I spent a number of months talking to him and we wound up buying the property, largely for cash, although he took some Weyerhaeuser stock it seems to me.

Edgerly

Did you approach him with regard to making an offer or did he suggest the purchase as a possibility?

Weyerhaeuser

My memory isn't all that good, but his operation and timber fit so well with us. My recollection tells me that I initiated it, but it took a considerable amount of time. I don't know whether Walter had this disposition foremost in his mind. Certainly healthwise and otherwise, he could have kept going on with it. They had a machine shop which they kept, Kimwood, right across the street. Walter had two boys and they were both - how should I phrase it - moderately involved, but as long as Walter was going to be around, there was no question about who was going to be running things. He was that kind of a guy, a real do-it-yourself character. He built a beautiful house with ponds and everything next to the plant and it was hooked in with water and steam. We had more trouble figuring out how we were going to supply his house with all the needs than any single part of the deal.

I was interested in it because, among other things, their body of timber and a private truck road went up the coast fork of the Willamette south of the Cottage Grove mill. Our Sutherlin timber lay over the next range. We were running a railroad down to Sutherlin and having the Southern Pacific pick up the train and bring it into Springfield. That was pretty expensive. We had a pretty good-sized block of timber there, so I thought it made a lot of sense to tie into Woodard's mill on the southern end of our timber. There was a lot of Bureau Land Management timber in alternate sections in the coast fork intermingled with Woodard, which with Sutherlin, would give that mill, we thought, a pretty good shot at buying some local timber and long life. We would save a lot on transportation and it just seemed like it made a lot of sense. Pretty good mills. The plywood plant was not too old at the time.

So we thought we could get good mills and fair amount of timber supply close by, some second-growth out west, which would fit into the mill's longer-term picture. I remember my dad was in the last stages of his cancer at the time and I remember coming up to see him in the hospital. He couldn't talk; I think he was still cognizant at that time. I remember coming away wondering whether he understood all that. I was all steamed up about this and wanted him to know things were still going on. I told him all about the Woodard thing. It was just about closed. I've forgotten dates, but it was probably in November...

Edgerly

I think the acquisition was effective January of '57.

Weyerhaeuser

Our negotiations were just about complete. Dad died in December, I guess, so it would have been probably in November. I think apart from bringing the lawyers into it, Walter and I did the negotiating. I can't remember what we paid for it, but it seemed like an awful lot of money at the time.

Edgerly

Was that the first acquisition in which you were primarily responsible for negotiation?

Weyerhaeuser

Yes. We were buying things here and there all the time. Les Calder, the land guy down there, was. So it wasn't as though I hadn't had any previous direct acquisition involvement. We were trying to buy, and did buy, some from Bohemia Lumber Company lands on the southeastern side on Sharps Creek. We were trying to fill out. I knew we had a tremendous amount of timber that we really should be cutting and it was defective and not getting any better. So I wanted to get what I could in the way of additional land and second-growth to balance up that tree farm. So I talked with Dale Fisher about Fisher Lumber Company's lands. They were up on the west side. They put a deal together with Willamette, I think. And we talked with Willamette Valley from time to time about grades, trying to get some closer in. They were always interested in Santiam timber. I wound up building a railroad up the Mohawk. We trucked some of the timber off the top of Ryan Ridge and down into a reload on the Mohawk. But the Santiam timber had to come all the way down a very, very long haul and up over the hill and clear down into Springfield. Lot of it, a substantial part of it anyway, goes to exports now; it's still a long haul. It's very steep country and there's a lot of timber still left there. That was a big block that I wanted to see if we couldn't do something about trading.
(INTERRUPTION)

We worked on increasing the cut down there as we improved the mill and added to the plywood plant.

Edgerly

One other thing I should ask about. You mentioned that Walter Woodard was quite the mill man in regard to how the mill worked and the condition of the mill. What about the logging operations? Had he gained an expertise in that area or had he hired people who were able to fill in?

Weyerhaeuser

I don't have any impression that he was all that interested in the logging operations per se. Certainly in terms of timber acquisitions and all, he was knowledgeable about the quality. An awful lot of the value, of course, was associated with logging, as it always is. When you look at why we bought it and what we paid for it, it was largely timber values. Obviously, he'd been very shrewd about what timber he bought and when. I think they probably used contract loggers. I don't have any great impression that he was overly interested in the logging per se.

Edgerly

There was no big logging operation that you acquired in the process of making the deal?

Weyerhaeuser

They did have their own truck road, so they had made a major investment in getting off highway. I'm sure they had a portion of their logs coming in on off-highway rigs, which sounds like would be company operations as opposed to contractors. So they were involved, but it wasn't a big part of the proposition. Then later, after we acquired it, we pushed the road south, built a major extension of the road over into Sutherlin, and ever since, that timber's been coming north by truck into Cottage Grove. So we shifted a big part of our operations down there to highway trucks and abandoned the railroad.

Edgerly

That was happening companywide at the time, in any event.

Weyerhaeuser

We were sort of after the cycle in the sense, though, that we had two railroads that we built in the '40s and '50s, one of which is still running. That's certainly bucking the tide. We were trying, obviously, to minimize transportation and also stay off the highways if we could. We had a lot of trucks running down the highways from the east side of our operations coming down the McKenzie River. We had private truck haul from our Fall

Creek operations. We hooked the Calapooya truck road system, which is up north, into the reload at Mohawk. Then we put the Sutherlin railroad in. So we were probably 80 percent avoiding the public highways, 80 percent of our volume, or something like that.

Edgerly

While you were at Springfield how much contact did you have with people who were working in the forestry research area of the company?

Weyerhaeuser

Little or none, as far as personal. My contact with them started largely when I came into Tacoma. In those days we were reforesting with the aerial seeding and getting very spotty, typical results. In some of the old logging areas we were removing brush and planting or removing brush trying to seed. And it took us about three tries to get some of it rehabilitated. Springfield, in terms of site and temperature, was far enough south and low enough site so you had moisture problems and you had survival problems, particularly on the southern slopes. We were worried about getting a good job of reforestation and we didn't get it universally good. Sutherlin was a problem on the southern slopes down there.

Edgerly

Was there anybody in forestry research who'd started to work on those problems with you or had that not been tackled yet?

Weyerhaeuser

I don't think it had. They were experimenting with plantations, but I'm not aware that they were doing a great deal. More of it was being done in the State of Washington with the branches up here. They were much farther down the cycle. They had a lot of second-growth and there were a couple working on plantations. But I don't have any recollection of a lot of work coming out of what was then Centralia or their being associated with our field activities. I'm sure that they did. We kind of planned our reforestation. We had a good, solid guy, Bob Gehrman, who was our chief forester, and he worked with them. He was running the reforestation operation largely on a decentralized basis. I remember Dave Weyerhaeuser was the head of our forestry and timberlands. He was very instrumental in building up a skill base and the Centralia research center was run as part of his department. There was a pretty good core of scientists, pretty much self-contained. There was not a lot of interchange, I don't think,

in the early days with the operations. The loggers were still responsible for the operations and the operations included reforestation. The foresters were a pretty good bunch and I think they were aware of, in working with, Tacoma forestry and timberlands people, but it was not the primary activity it later became when a lot of time and attention was given to really making darn sure that we got the rehabilitation going and forestation work done. We had quite a backlog over time of acres, you always do, that are not performing well. In later years we very consciously tried to figure out many of those acres there were and how long it would take us and to work not only the current reforestation. Obviously the first thing you have to do is not let it get away from you in the first place. It's a lot harder to bring it back because the brush does predominate. Once you get into that cycle you have a much tougher job and a lot more expense associated with growing because of the competition.

And when you're relying on seed, which we were - in the early days at Springfield we were leaving seed blocks on the higher elevations (the seed years, as I recall it, were on a six- or five- or seven-year cycle) - (you hope for) a good seed year. Unfortunately, though, in many of those areas you get a good seed year and on something that had three or four years of brush growth, the competition would get ahead of the seedlings and you'd have a brush control problem. It was kind of fighting a losing battle, particularly where the moisture was a problem and even in a good seed year your survival rate would be low and you'd lose a lot of the seedlings for moisture stress or any number of reasons. Then you have to wait for another seed year. Those seed blocks didn't work very well. This is true companywide and certainly was true of Springfield. You'd get a lot of blowdown in the seed blocks, there'd be breakage, then you'd be winding up having a log here and there to pick up. Not only the blowdown but (not having) a logical cleanup area. There'd be a lot of blowdown on the fringes and then slowly the whole seed block would go down, sort of serially. So that certainly wasn't too good a solution. Then we got extensively into seed gathering and seed processing so that we could aerially seed. That took care of the seed source, but not always the moisture and not always the brush. I can't remember when we got extensively into planting. I know some areas you just had to plant because you just couldn't get rid of all the brush. You had to have something that had a pretty good start. We were using planted seedlings on those difficult areas.

Edgerly

And that was the case while you were at Springfield?

Weyerhaeuser

Yes.

Edgerly

So it was a combination of the aerial seeding and the handplanting.

Weyerhaeuser

And we were still leaving seed blocks, too, so it was all three things.

Edgerly

It was sort of a transition period then.

Weyerhaeuser

Yes. This was in contrast to the Harbor (Twin Harbors area) and some other areas where all you had to do was stand back and the hemlock would come back at you. It was good timber down there, largely Douglas-fir, and relatively big. So from a handling and harvesting point of view, we got very cheap logging costs. As I said, we had a hell of a time in the mills processing it because a lot of it was so defective. But it was large size and easily handled and we had a pretty good transportation system. Of course, we were logging fairly short hauls in the early days, except for these extremities. We weren't even logging in the Santiam when I went down there. We opened that up.

Edgerly

Did you say it was Bob Gehrman who was the forester? What was his relationship with the people in the logging operations? Was he fairly effective in communicating the forestry message?

Weyerhaeuser

Yes, he was. And he worked with Charlie Preppernau, who was the woods manager there. Bob was a hands-on kind of a guy. He wasn't a theoretical forester. I've forgotten what his training was. He may have been a forester by education, but a very effective field guy. We were working the problems and we were serious about them. It wasn't like the early days when foresters were for show; we were trying to do the job.

Edgerly

I've also heard a number of people who were maybe a little closer to the logging operations comment on the fact that the foresters tended to be people who "wanted to stand on a hill and look off into the wilderness" and not necessarily people who looked at the situation from a practical standpoint. I've heard there was a fair amount of resistance among those in the logging operations to any interference by these people whom they considered, whether correctly or not, to be not very helpful.

Weyerhaeuser

I think that was absolutely the proper description. That would be the generality in the early stages. I think reforestation was a problem and we not only didn't have all the answers, but it was a nuisance. Where the logging operations were spending tens of thousands of dollars, the foresters were spending hundreds, just to give you the scale of activity. I know we had endless debate about "should we be logging with tractors or should we be logging with cable operations (high lead)." I know that at Springfield we got an awful lot of cheap logging using tractors. (END OF SIDE ONE)

This is a continuation of the interview with George Weyerhaeuser, recorded April 2, 1984. Tape IV, side two.

Weyerhaeuser

When push came to shove on what you should log, where and when, and with what logging methods, supplying the mills certainly was at the top end of the scale. Regardless of season or whatever, you were going to get the logs out. That dictated settings that were perhaps not in the right sequence or, from a lot of points of view, maybe should have been deferred. So you tended, when you got under weather conditions or low inventory conditions or whatever, to cut the timber that was seasonally most available. One thing which we learned more about later is that you do considerable amount of damage with tractors if you're logging under wet conditions. You get a lot of soil compaction. And you shouldn't use tractors when you've got poor soil and slope conditions. You lose a lot of the soil productivity. But it was the day of the tractor. I think Charlie and the guys we had at Springfield were biased in favor of tractor logging. And we did a lot of it, which produced pretty good logging costs and chewed up the land pretty good in some cases. If you were looking at it strictly from a forestry point of view, the amount of slash we were leaving was gigantic and we had a great big slash disposal problem; we had some soil problems. But all those decisions were made and run as a part of a logging operation. We didn't have any standards, if you will, imposed from Centralia or anywhere else and the foresters, as was everything else that was associated with the woods operations, were run with an operational bias.

I think when it came to appropriating funds for reforestation and all, there was oversight on that and we were trying to make sure that we were getting that job done, but it certainly came well behind the priorities of logging costs and inventory management in terms of the log supply to the mills. It's an evolutionary thing because, I think, in the early days we had some pretty good forestry ideas and people with education and commitment to improving forest management. But for every one of them in the early days, there were a thousand loggers and lumbermen. Those proportions changed, I think, in our company. Dave Weyerhaeuser and the people who were concerned about the forest management issues over the longer pull got a lot of credit for prevailing in a sense and it wasn't easy. I don't think it was accepted as being a mainline part of the business nor did the guys who were dirt farmers and loggers out there accept it as a primary responsibility. Over time it got imposed, kind of, as a part of our stewardship. The managers accepted it, but that doesn't mean that the loggers ever were terribly enamored with it.

It would just make you sick to go into some of those stands and see what was left when we got through logging. It was just unbelievable. That made it difficult. We had a lot of fire hazard and we had reforestation problems associated with all that slash. You had a liability building up. We didn't have very, at least as good, methods as we do today of getting the slash burned in a hurry, getting a hard burn. You were afraid to burn it when it was too hot. Now they get in there and put all the forces at work and burn in the middle of the fire season, light it all off with helicopters and get it burning in a big hurry and it's all over and done with. You've got a good, clean burn with control. In those days, it would take you a long time to light the darn things off and once they got lit, Mother Nature had a lot to say about whether it either burned out or burned something else along with it. We were still very much concerned with fire all the time. We're still concerned with it, but it's controlled now. The mobility factor is so high. We didn't have helicopters. So we had a lot of people out on truck roads with their water trucks and handguns and axes. And the farther south you get, of course, the worse it is. Our Springfield operation had more to worry about and greater amounts of slash.

Edgerly

There were three other people who were at Springfield, I think, when you were there. One was Lester Calder, another would be John Gischel and Dick McDuffie, I believe.

Weyerhaeuser

McDuffie and Calder are still alive. John Gischel died just recently. He was a wonderful guy.

Edgerly

Can you reminisce a little bit about the three of those gentlemen?

Weyerhaeuser

John Gischel was an absolutely marvelous personality. A big man, he'd been in construction and maintenance all of his life, I guess. I'm not sure whether he was in charge or not, it would have been surprising if he were, but he was one of the guys who built our Baltimore yard in the early '20s. I'm not sure how he got to Springfield, but he was one of Jon Titcomb's strong right arms. I think he probably - I'm sure he was - involved in the construction at Longview and maybe Everett. Couldn't have been Everett because he would have come west in the '20s. He probably worked at Longview. But Jon

got him down there and all the maintenance functions reported to John Gischel. He built the mill. He and Jon Titcomb were very close. John Gischel was a very good friend of mine, too. Everybody liked him, and liked to work for him. He understood all, and could do most of, the construction type jobs. Old school, solid as the Rock of Gibraltar. The one thing that was a constant - I was going to say battle, I'm not so sure we didn't blow it up out of proportion - but he'd just go right ahead and push the construction job, whether or not he had the plans in apple pie order and it was kind of a running battle with the Tacoma Engineering Department. They never seemed to have, in John's view, the information he needed at the time he needed it or they were doing it wrong. So he was a builder and not a designer, not very patient with the engineers. We had our own engineering department down there, small, two or three guys. So if we didn't have the plans, he'd fill them in down there and then Tacoma never knew exactly what was built when we got done and we were always building something. There was always something being built. John had eight, nine, or ten foremen working for him and all of the utility functions there. He was a marvelous person. He lived near the mill and was out there all the time, day or night. So if anything went wrong, John was really keeping the place's body and soul together.

Edgerly

It sounds as if a lot went wrong.

Weyerhaeuser

Yes. There were a lot of construction jobs going on, so he (John) was busy, no question. There was plenty to do. We were either building something or rebuilding something all the time. We did some of our own analysis there, process analysis, and then we'd design something down there to change the flows. The division of labor between there and central engineering was kind of an uncertain thing. God, they used to holler at one another. It was funny. Jack (?) was a gentleman, a patrician, a great guy. If Charlie Ingram said, "Jump," Jack would do three somersaults. (He had a) lot of respect for Charlie. He hired Jack from United Engineers from Philadelphia. So he was very close to Charlie, but very sensitive to Charlie's desires. I can remember they went back and forth at one another, John the doer and Jack the professional. It was a constant battle, but it worked pretty well. After all was said and done, I think they did a pretty good job. John knew how to run jobs. He was fine man.

Dick McDuffie was Jon's (Titcomb) and my right arm.

Edgerly

He was the office manager, was he not?

Weyerhaeuser

Yes. He ran all the office functions and was very good at it. People liked Dick a great deal. He got the work done and he was a good advisor. He understood what was going on. He was and is active in community affairs, on his own volition; it wasn't a direct part of his assignment. He was very active in Springfield. He had a good crew of people. He ran the accounting functions, computers, all the office help. Personnel was separate. Jake Jacoby was in charge of personnel functions. We were hiring people all the time. We were growing and there was quite a bit of turnover. So they had a big job in personnel. That was wood products personnel. Pulp was separate. And it was wood products in the early days. Dick was wood products, too. We put him over the whole thing later on, but the pulp had their own office staff as well. Sales was separate in a sense; it tied in to Tacoma and Dave Greeley really was the sales manager for lumber and plywood. I inherited all of them. They were all in those jobs for Jon. Of course, I wasn't manager for all that long, either, just a couple of years, '54, '55, '56, maybe two and a half years. They were all there when I left. We had a wonderful sharp guy as purchasing agent, McPhail. These were all pretty experienced, capable specialists, each one of them. Jon had really assembled a first-rate team of people.

Edgerly

Did you experience any resentment when you went into that job as quite a young man, working with some of these people who'd been around the mill for years?

Weyerhaeuser

I don't think there was any great resentment. When I was working as Jon's assistant, I wasn't in between, you know, he didn't have five people reporting to me. I'd been there quite awhile. Even in the life span of that mill, I wasn't exactly a new boy. I'd been there three or four years maybe by the time I took over. Willard Morss was the mill superintendent. The mill departments headed up under Willard. I got along well with Willard. He had a nice personality and was easy to work with. I wouldn't call it resentment, but Charlie Preppernau did not want to be interfered with and he was independent. He had lots of years of experience and didn't want a lot of help. I'm not even sure he wanted a lot of help out of Jon, but I'm sure he didn't want it or need it

from me. Then we had another marvelous guy whom I mentioned last time, Charlie Logan, who was in charge of the ponds, scaling and purchasing of materials, of logs, chips. He was kind of halfway in between the mill and the woods and to this day I don't recall precisely whether (he reported to) Willard Morss. I think it functionally would have been under Willard, but I know I worked very directly with Charlie, closer than with most of the others because I was coordinating. I was interested in coordination of the mills and the woods and so I worked with Charlie very closely on utilization standards, all aspects of the material flow. Whoever he officially was reporting to, he in fact worked for me and with me. And I worked very closely with Willard Burrell in plywood. Willard Morss was not particularly plywood oriented. He was a sawmiller by training and inclination. He came from Longview. To this day, he writes about his various ideas about how we ought to be doing something differently. He knows more about it probably than most anybody in the company. I didn't sense any great resentment. It was a darn fine bunch.

Edgerly

It's interesting that there seem to be several pretty strong personalities in that group, and yet...

Weyerhaeuser

There's another very strong one. I haven't mentioned him. Walt Pfeiffer.

Edgerly

I don't know anything about Walt Pfeiffer. Who was he?

Weyerhaeuser

Walt's still alive. Smarter than anybody down there, probably. He ran the shipping operations for lumber. The lumber shipper was also the scheduler of the whole mill. So the guy at the tail end of the line there worked with the sales office and scheduled the thing. He was a one-man computer and managed all the inventories and then scheduled planing mill runs and the dry kilns and the sawmills behind that. Walt was kind of managing the flow of the mill. Nobody told Walt too much about what to do. We'd have regular meetings. I don't think anybody ever designated Walt as being in charge of the flow, but that's the way it was. Everybody was lined up trying to get the product out. So, in fact, he was kind of the key mill flow coordinator.

Edgerly

Did all these strong personalities manage to stay out of each other's hair for the most part?

Weyerhaeuser

Yes, for the most part. I don't think Willard went around leaning on his guys very hard. That might not have worked so well. Walt Pfeiffer certainly was very strong; Jon Titcomb himself was a very strong individual. Preppernau certainly was. If you go down the line, they were a bunch of pros doing their own thing and the linkages were interesting to observe. I suppose they had started the mill up from scratch, working together, and it was a good team.

Edgerly

Was that the glue - the fact that they had been involved in the mill pretty much from the start, and felt a very paternal feeling?

Weyerhaeuser

I think so. And I think it was Jon's mill and Jon was a competent, strong leader. It was a very good place for a young man to come in. I think I was very fortunate.

Edgerly

Of course, you had to go on and manage those people yourself.

Weyerhaeuser

I enjoyed working with them. I count them all as good friends. I don't think that there was either resentment or standoffishness. I think we got along well together.

(DISCUSSION ABOUT TIME LIMITS)

Edgerly

You mentioned that you remembered coming to talk with your father during the last stages in which he was ill and telling him about the acquisition of Woodard Lumber Co. Do you remember when you learned about his illness? How many years were you aware of his illness?

Weyerhaeuser

I can't be precise, several.

Edgerly

Did many of his colleagues know that he was ill?

Weyerhaeuser

I don't think so. I think he did that on purpose and he didn't make any great thing of it with us. My mother was the communicator in the family; she told me. I'm not even sure that she told all of the kids at the same time, maybe she did. But there wasn't a lot of certainty associated with it. We didn't know how much time he had. We certainly knew that it could well be terminal. He got along pretty well for quite a period of time, but the treatments were not easy on him. Radiation, I guess, was pretty difficult. I'm not so sure whether there's some element of blood thinning that goes on, or did in those days, or else the nature of the disease and the treatment was such that he had to be very careful not to cut himself because he couldn't stem the bleeding. That, to say the least, bothered him. So he had to be pretty careful about that. He went about doing his business, tried to, as though nothing was wrong and wanted it that way. Same thing was true in the family pretty much. I'm not sure how long he knew. I think that's probably a question of fact; I think we probably know the answer to that and can check with Mason Clinic. I think we gave permission to release that. I've forgotten, but I think Mother told me and probably all of us after the early stages.

Edgerly

Do you know why he felt as he did about not telling his colleagues about the illness?

Weyerhaeuser

Oh, I just surmise; I never talked to him about it. I think, consistent with the way he felt and did things, he kept them pretty much to himself. He was self-contained, didn't like a lot of fuss and fanfare, a pretty private kind of a guy. I don't think he wanted a lot of sympathy or inquiry. It did not seem to me at the time, nor does it now, particularly unnatural that he'd want things to go on as they were and not, in a sense, become an invalid and the object of everybody's concern. That would be my own sense of it. I think we just handled it the same way intentionally, without any communication about it. In the later stages, of course, right at the end, of course, he went downhill very fast and it was pretty obvious.

Edgerly

What about the matter of succession, which his illness, and what then became clear was going to be a fatal illness, raised? Do you know whether there was any discussion about what would occur within the company as a result of his illness, and the management problems caused by his absence?

Weyerhaeuser

I'm not sure. My reaction is that I don't think there was a great deal of communication or study about "what happens next." I'm sure that Dad and my uncle did some thinking about it. Of course, F. K. wound up picking himself up off the St. Paul circuit and coming out here and doing it. It certainly wasn't his choice at that stage in life, but he was the right answer and I think he did it because I'm sure that Dad and he probably felt that was the right way to go and he relocated. I know at the time I felt it was asking him an awful lot, tearing up his roots and come out here and do it. That certainly made an easy transition. Charlie always got along well with F. K. They had a little time. Charlie had several years left before retirement. That was fairly traumatic shift when Charlie retired. F. K. and Charlie must have had some ideas about me and Howard Morgan when they brought me up here. Howard, of course, was still in place running the Pulp Division. There was no great immediate set of problems. I guess we were in the stages of talking with the Kieckhefers. I think that was F. K.'s first set of decisions, which were fairly gigantic. That was a fair amount of dilution and a big acquisition and a major directional move for the company. So they were interesting times.

Edgerly

That was a pretty pressurized time for the company, I imagine. Do you think that your father's death hastened the move to bring you to Tacoma or was that already in the offing, as far as you were aware?

Weyerhaeuser

My guess would be it hastened it. I think that would have been sometime downstream. I would think I was already in a very good position to see some of the important aspects of the company from a middle management position. I doubt that there would have been anything in Tacoma that would have beckoned. Now maybe when Charlie's retirement came up, they would have been faced with succession problems, but I might not have been involved in them at that time. I think Dad's death must have accelerated it.

Edgerly

I've heard people talk about your father's relationship to people at all levels in this company with some amazement at how well he managed the different kinds of personalities of people who had jobs in the company. Do you have any specific recollections of how people felt about him, or did people express to you at any point feelings about him as a manager?

Weyerhaeuser

More after the fact because, obviously, I wasn't here. The company was small. I'm always surprised at how personally affiliated people express themselves as being with Dad. Maybe there's some exaggeration involved. I suppose being a friend of the top man tends to build one's own ego. So when I heard, after his death, from various people in the company, it always had the flavor of "what a wonderful man to work with and to know," a lot of esprit d'corps. I think they were people proud to work for the company and they attached a lot of net worth to the personal relationship with Dad. This was at levels that would not be at all obvious to me. Knowing him, he wasn't exactly the world's greatest backslapper and circulator among crowds. He was a very private kind of a guy. Those two things don't exactly fit. But there was a great depth and breadth of appreciation for the relationship that they felt. I think that the man and the company were, in a lot of their eyes, one and the same. I think he established a pattern of leadership and growth for the company that people understood, admired and liked to work with. He had a nice sense of humor. Privately he could be just as sharp and tough as anybody'd want to be, but my sense is that that didn't frighten people or turn them off in an authoritarian sense. It wasn't just that they liked working for the company and for him, it was more than that. They felt some openness in terms of going and talking about their own problems which I find, as I say, kind of surprising at levels that I wouldn't consider to be particularly normal or natural for him. But I know my views of him, (are based on when) I'd come wandering into the ivory tower and Charlie's secretary and maybe three of them out there in the bullpen. I'd wander in and talk to him and always felt it was interesting and in my perception, he knew pretty much what he wanted and what he was doing. It was a source of confidence-building and all, but that's just from my perspective. But I guess I'd say, from all I've seen of the company and people who've worked around him, he transmitted that sort of confidence and easiness, even though he was not easy to open up or get very deeply into, but not unapproachable at all.

There was an interruption here by Barbara Brower. The interview was not continued and recording will resume on Tuesday, April 3, 1984 with Tape V.

This is an interview with George Weyerhaeuser, recorded on Tuesday, April 3, 1984. This is Tape V, side one.

Edgerly

You talked a little bit at one point about your feelings about Charlie Ingram. I certainly want to get your impression of Charlie as an individual, as well as your view of how Charlie and your dad worked together. You noted that personality-wise, they were quite different from one another.

Weyerhaeuser

Yes. I don't know how to characterize that difference, though. Charlie was all business, it was his whole focus. At least in the later years that I knew him, he had a 100 percent orientation toward our business and industry. He was a very, very strong detail guy. Knew an awful lot about not only "what" but "how to". He usually wanted to penetrate whatever matter was under discussion very thoroughly. I'd have to characterize him as being much more concerned (than my father) with precisely how things were going to get done. Dad was much broader (with) more direction and concept and much less interested or concerned about day-to-day details or operations. I don't mean that he wasn't very much interested in business, because he was. I can't differentiate them on that, but not to the degree that he carried an immense amount of work with him all the time. He thought about things a lot, but he didn't work late hours at night. My impression of Charlie is that in that respect he was really totally immersed in the activities of the company. I think that he and Dad had a very close relationship, complementary and supportive of one another. Charlie was, I know, very, very fond of Dad and had a great deal of respect for him. They worked in a relationship where they had a division of labor. Charlie did not involve himself much with externals, to my knowledge.

Edgerly

Your dad was well known outside the company and Charlie barely at all it seems.

Weyerhaeuser

I'm not sure I ever heard Charlie make a speech. That probably is not fair, but it wasn't his interest, it wasn't his capability. I don't know whether it was injury, disease or just the way he was born, but his voice was very raspy, it didn't carry. I think it was something traumatic. It wasn't just a soft voice. It didn't project, anyway, and neither did his personality. He was noted for his complete disinterest with evening social or

business affairs. When it was 6:00 he ate dinner and when it was 7:30 he went home; it didn't matter what was going on. In earlier years it may have been different. I don't mean that Charlie was antisocial in the sense that he didn't have friends. But certainly, business came first, last and always. He had a schedule and he kept it. He didn't let anything interfere with that. The external activities and dimensions of things were not a part of his routine.

Dad, of course, had a broader set of contacts, really right from the beginning when he came to Weyerhaeuser Company. While he certainly didn't flourish on the speech circuit, he did it on occasion and he took on various outside activities from time to time, like the United Good Neighbor chairmanship, the Washington State Historical Society and things like that. I'm sure this wasn't something that he sought out, particularly, but I think certain things he did have interest in gave him pleasure. I'm not aware that Charlie had any of that. The more unusual one, I think, is Charlie more than Dad, in a sense. But I'm sure that they worked side-by-side physically and conversationally. When it came to what was going on, I think Charlie kept Dad reasonably well acquainted and kept pretty good tabs on the key people in the company and pretty much knew what was going on in the operations as well as at headquarters. He (Charlie) was all business to the extent that I don't think he had much tolerance for people who weren't working hard and long hours. He used to, at least it was rumored that he did, keep tabs on when people went out to coffee or lunch by watching out the window. He was just convinced that people were supposed to be working, not socializing.

I think that they had a very good working relationship. I think Dad did with Laird Bell, too. I think they counselled a lot on strategy. Laird had different viewpoints politically and in a lot of other ways, a much, much wider set of interests. He was a thinker and he had a lot of ideas, had a great influence on Dad. Going one notch further, Dad did on Charlie. They were in the right relative roles, of course. Laird was senior and outside and broad and Dad had some of that and a pretty good sense of direction and what we were trying to do with the company. I don't think he spent a lot of waking hours trying to tell Charlie how to do things, although I think he exercised a fair degree of influence where they needed to have change and bring people in. Some of those things didn't work at all, but I think Dad was trying to build a corporate staff, at times strengthen it, and I think appropriately so. A fair number of the things that were attempted, Charlie would not have initiated and some of the personnel changes that were made didn't work all that well. I'm not sure it was easy to work for Charlie in a staff role. The people that he had

the best relationship with were the people that were in charge of their own parts of the company and not working directly for him or in any support role. I don't feel that was true of Dad. Corporate people worked pretty well with Dad.

Edgerly

Were there aspects of the business on which your father and Charlie might very well have been diametrically opposed to one another?

Weyerhaeuser

I wouldn't know the answer to that. My guess would be that Dad would have had ideas for change and cooperation/coordination - working with F. K. and the Sales Company - that for Charlie would have seemed, from a manufacturing and mill point of view, somewhere between unneeded or undesirable.

Edgerly

What about labor? How would each of them have come down on the issue of labor, including cooperation between labor and industry?

Weyerhaeuser

I would be surprised if they had different views or perspectives. I think those matters during the period of the '30s were evolving. A great deal of change was going on and I'm sure in the early stages there was a lot of resistance. There wasn't a lot of statesmanship being exercised in the industry or by us. It was a typical evolution, maybe it still is. I'm sure that Dad and Laird Bell would have had broadly different ideas about that, but I suspect that Dad and Charlie, and I'd say the mill managers of the whole system, were alike on labor. I don't think we ever did have strong leadership or theoretical longer-term objectives and labor management philosophies that were leading us down certain paths. It was much more a step at a time, confrontational mostly. I don't know an awful lot about those times, either. My impressions of the work force in the early days were that they were pretty damned independent individually and pretty independent in terms of area and I don't have any strong sense or any real sense of any corporate (plan). Now when we started to try to work on industrial relations, introduction of training or even management succession, a whole lot of things, it was like pulling teeth to get any significant amount of change introduced. But I don't have any recollection of them discussing it. I didn't say there wasn't any concern. Labor problems were real and severe periodically. You were always treading a fairly fine line between labor rates and lumber prices.

Edgerly

I guess most people would probably say that of the personalities among the company's leadership at that time, Charlie was the most formidable in terms of people being able to approach him; you mentioned that yesterday. What was it about Charlie that caused people to feel that way?

Weyerhaeuser

I think he was short, to the point, brusque. You knew you weren't engaged in a social interchange. You were talking to somebody who's got a lot of information and is on top of things, was there to do a job and expects you to. So the small talk was very little part of Charlie's makeup; it was his personal style. I wonder if Charlie's secretary, Ruth, is still alive.

Edgerly

I don't know. We do have an interview with Charlie, of course, that was done before he died...

Weyerhaeuser

Yes. Who did that?

Edgerly

But he wasn't happy about it at all.

Weyerhaeuser

No. I read it. I know he wasn't happy about it.

Edgerly

Actually, there were two.

Weyerhaeuser

Did you ever talk to him?

Edgerly

I met him but we ever really conversed at all. The thing I think I remember most distinctly was his very gravelly voice.

Weyerhaeuser

Did Art McCourt do it?

Edgerly

Art did the second one. The first one Woody Maunder, I believe, did and I'm not sure it was ever released.

Weyerhaeuser

I'm sure that probably was a disaster - in terms of personalities for one thing.

Edgerly

I don't think it ever saw light of day.

Weyerhaeuser

Yes. Charlie never let it out.

Edgerly

Then Art did a second interview. Art and Charlie seemed to be able to communicate pretty well. Art would go and play dominoes with him.

Weyerhaeuser

It would help if you could get him on subjects in which he was interested. I'm sure that if you came at it conceptually a lot of the things you might try him on he might think were unimportant or irrelevant and then he wouldn't probably, knowing Charlie, volunteer anything. So unless you got onto the right subjects, he'd probably dismiss you out of hand.

Edgerly

I would imagine. Given the fact that you did come from Springfield and knowing that your first job was going to be as Charlie's assistant, what could you say you learned most or learned best from working with Charlie?

Weyerhaeuser

I'm not able to associate it with that particular new arrival period. I think he was a very, very good leader and taskmaster in the sense that he focused your attention on the basics and I think that his concentration and combination of experience and asking the tough questions is a good example of that. I never felt it was a waste to spend time with Charlie. We talked about basic things. Surely his experience and inclinations were in the manufacturing side of things and I'd had a fair amount of first-hand view in the previous years at various operations of the company and I felt comfortable dealing with Charlie on those. I think if I'd been in some kind of a broad assignment, staff work or something, I would have been scared to death probably, because not only I wouldn't have known it, he probably wouldn't have been too interested or was likely to be critical.

Edgerly

Was he good at delegating responsibility?

Weyerhaeuser

In the sense that he didn't spend a lot of time holding hands. You were out there to do it. Now in another sense, when it came to capital plans and other things, it was pretty clear that you were going to have to justify what you wanted. So yes and no. But I think, yes, in the best sense. I didn't have a feeling they were looking over my shoulder in a very rigid fashion or that I didn't have a lot of leeway and a lot of responsibility. I think that's my sense of delegation. They had a pretty detailed tracking system on the performance of these different units and what was going on, so it wasn't that he delegated and forgot about it or that he was unaware of what various parts of the company were doing. I think that's a pretty good combination. So you didn't feel like you were disassociated from your boss or from the senior management of the company. Yet you had quite a lot of responsibility.

In many ways I think Howard Morgan had those capabilities, too. He knew the business up, down, in and out. Both of them could and did make decisions easily and communicated them; they had a good grasp of what they were trying to do and what was going on. I think Howard was running a business really, for the company. He worked well with Charlie, too. I don't know why that chemistry necessarily worked, because Howard was one tough cookie, I'll tell you.

Edgerly

That's what I've heard. Let me flip this over.

The interview with Mr. Weyerhaeuser recorded on Tuesday, April 3, 1984 continues on Tape V, side two.

Edgerly

Did they (Charlie Ingram and Howard Morgan) communicate much directly with each other in business or was much of their contact through other people?

Weyerhaeuser

No, I think Howard and Charlie talked quite a bit. I don't think Charlie ran, or tried to, the Pulp Division. He was intimately familiar with, and came up through the logging/lumber side of things. The people that worked for him in the branches were in charge of those operations and I think that he exercised a lot more control in management in those sectors. Whereas we were building a business on the side in pulp and Howard was the strategist. In terms of the people, they were Howard's people. They were of different training, different background, different culture, which is what the pulp and paper business has always been in this company, had always been and, to this day, remains somewhat aside. It's different, it takes a different set of skills, different kinds of people are in it. I think the lumber business and logging, the timber side, have always been more rough-and-tumble, school-of-hard-knocks, learn-it-by-doing kind of business; more of an owner/operator kind of a business. That carries over into the big companies. I think the character's more of that nature. The pulp and paper people are of a much higher education, more specialized. There's more interchange among companies and industry culture. People move across companies more. Obviously the loggers in the old days changed, floated around. I guess you'd say that's true in the sawmills too, but in the times we're talking about, there was more stability, I think, and less inclination in the Weyerhaeuser mainline old businesses to hire outside. So as we were building the pulp business, we were bringing in different, new kinds of people. A new mill would tend to start up in the industry and some of our supervisors and hourly people, everybody, were potential applicants. So the affiliation, I guess, was tied to training and experience. The people were tied closer to the industry with less of an affiliation with the company. We managed it as an isolated part of the business in the early days. (This was true) right up to and including Howard. Howard came from the outside, he worked for Dad.

Edgerly

He brought a lot of people from the outside.

Weyerhaeuser

Yes. Charlie and Howard, I know, talked about things. I didn't sense any barrier or any conflict there. But between, say, Charlie and Jon Titcomb it was a different relationship with the lumber business background. John Wahl in the woods and Linn Reichmann and the mill managers, they clearly worked for Charlie Ingram. The pulp managers clearly worked for Howard. At later stages, when I was the manager at Springfield, we'd all get together out at Charlie's and rub elbows and have a great time, but it was clear we were members of different teams, subsets of a team. Incidentally, I think they were a great bunch. I thought that Howard's selection of people (was good) and he did quite a bit about bringing people in and seeing to it that some training was done. Yet he was a strange mixture himself, because I never saw anybody that I thought was absolutely colder, if you just judged by his appearance and by his unresponsiveness; it was just blank. No clue as to whether he was in a good mood or a bad mood or whether he cared whether you were alive or not. I was a pretty good friend of Howard's. I was in a position where I knew what Howard thought about on many subjects. He was concerned about what I was doing and he helped immeasurably getting me started. But I think in contrast to what I would usually say about my relationship to the company, I think it was a really major advantage that I was my father's son with Howard. He liked Dad, and he worked hard at including me in things and he talked to me. So I felt that Howard was interested and that I could and did visit with him. I had kind of a dual relationship. He was, in a sense, partly my mentor and I'd say that's an unusual statement to make. I'm not sure I was peculiar in that regard. He was a strange man, because he had a lot of interest and a lot of warmth, I think I mean it that way, although you had to be able to divine that by yourself. A lot of the time externally you couldn't tell it. Think back on it, the three of them were all very, very strong personalities. It's really kind of fabulous that they worked so well together.

Howard worked at getting good people and thought about it a lot and yet, Howard could turn off on somebody and they were in absolutely tough shape. He seemingly made some of these moves and judgments when somebody'd lose his confidence. I marvel at the combination that he appeared to be. I couldn't understand some of the things he did and the way people reacted on the one hand and some of the things you could observe him doing on the other. They seemed completely inconsistent. I don't know whether Howard

was changeable; I don't think so. He was a darned hard man if you crossed him, whatever dimension that crossing took.

Edgerly

Do you remember, either from the time you were at Springfield or when you first came to Tacoma, something that is referred to in the records as "Hell Week"? Can you describe it to me?

Weyerhaeuser

Yes. We got the whole management group together and everybody had his place on the agenda and reported on his operations and everybody listened to everybody else. We had the whole bloody group. I'm not sure how much staff. These are the operational guys. I'm a little fuzzy to what degree the corporate staff was involved at the time. I think they participated in the sense they were there, but I'm not sure that they lectured us on their specialties.

Edgerly

Did this include the pulp and paper people?

Weyerhaeuser

Yes. It varied, I guess, from time to time, but I think most of the time we had all the operations. Of course, we had various iterations of that after Charlie and Dad were gone.

Edgerly

Do you remember it as truly being a hellish week?

Weyerhaeuser

Oh, it was interesting. Long and arduous, but interesting. I think I regret its passing. It was a pretty good way to get a flavor of what was going on, what others were doing. I think it was during the course of Hell Week that we would go out and get together at Charlie's one night. We usually had some management gathering, at least a significant portion of us. It gave you a little bit of a sense of belonging to a larger group.

Edgerly

Were careers really made and broken at times in these confrontations that took place?

Weyerhaeuser

I doubt it. No, I don't think so (laughter). Well, there were some. I'm thinking about some later years, some fantastic things. We had a guy running the hardwood, veneer, and plywood business we acquired.

Edgerly

You mean Roddis?

Weyerhaeuser

Yes, Roddis.

Edgerly

That was acquired in '61.

Weyerhaeuser

Yes. A guy named Tony Bandick (sp.?) was manager for awhile. He worked for me. I'm not sure he'd ever been up there before. I remember at least one occasion when he got up and talked to this whole big crowd. He went on for about 15 or 20 minutes. We couldn't tell whether he was serious or being funny about half the time. He was talking about what a good job they were doing selling knotholes, what a big, tremendous overrun he was generating. I think he was serious, but you certainly couldn't tell for sure. It was so far from being anything that made any sense. You had to wonder if he was in his right mind.

Edgerly

So what happened?

Weyerhaeuser

Eventually, I figured out he wasn't doing all that good a job and we agreed to part company. It was a stark contrast with the old, conservative, detailed, well-organized company, to have this crazy guy coming in there and lecture us on the niceties of running a hardwood veneer business. That was something else. But we had a strange mixture of people when we started acquiring things. It was a cultural shock for the company. It was

interesting; there were some pretty good guys, but business practices... The same thing is true of the shipping container business, to a degree, of the paper business. Every one of them was different. You just kind of assumed that they all had the same motives and background and it's the farthest thing from the truth. These industries are different, small and intermediate companies are different. A fair number of wheeler-dealers come in that way and they don't fit this culture very well or didn't. It took us sometimes quite a while to recognize that and make changes.

Edgerly

I'd like to spend a little time talking about that. But first I have a couple questions about F. K. I wanted to get in, if we could. He represented, perhaps, one of the critical elements between January of '57 and the time he left the presidency of the company in 1960. You mentioned that you thought it was difficult for F. K. to pick up and move his home out here for that period of time. Another thing that strikes me about that time period is that, in fact, he was president and presided over the liquidation of the Sales Company, a company that he himself had been instrumental in the development of. Obviously, there were some pretty tough decisions to make. Do you have any observations about what his special interests were and what direction he wanted to see the company go in that short period of time?

Weyerhaeuser

I think he came West with sacrifices. My sense of it is that he uprooted everything, family and social and vacation and everything else, at a fairly advanced stage in his life. They had quite a complete set of activities that he and my aunt jointly and individually were involved in, ranging all the way from opera to politics. Aunt Viv had been very active in politics. And they had lots of friends. I never met anybody that gathered friends any more easily than my uncle. He really enjoyed people. It was a traumatic shift. I think he was concerned about the leadership of the company, but I don't think it was in any sense an emergency. I think he came with very real confidence in the continuity, in Howard; Charlie was still here and Joe Nolan. I think the company was in pretty good shape. He didn't make any big sweeping changes, as I recall, in the organization. He was there to counsel and direct.

I'm not sure about the Sales Company. The reason I say that, I'm not sure about the dates. Maybe you know something I don't, but my impression of the Sales Company thing is that I did it.

Edgerly

It actually was '59 that it was disincorporated. So, while you certainly would have been here in Tacoma, F. K. was president.

Weyerhaeuser

Yes, but I think he went along with what I perceived as a needed interaction. I think it was associated with the degree of remoteness and frustration that I felt. I needed to pull together in order to run the wood products activities more effectively. Bob Douglas had worked for F. K. for years and years and that was not an easy, by any matter of means, transition for Bob personally. That said a lot about the Sales Company, too. We had made a decision based largely on Joe Nolan's and the lawyers' evaluation of the situation and the trends that added up to a need, as they saw it, to straighten out the Sales Company's relationships with Potlatch and Boise. We felt we were increasingly going to be in a vulnerable position in the joint sales approach and we went through quite a lot of soul-searching about that. And, in a sense, coming out of that, Potlatch was launched off onto generating its own sales capability. A lot of people thought that was a mistake; probably a lot of people still do.

Once crossing that bridge, the Sales Company was going to be the sales arm for Weyerhaeuser Company and more narrowly, Weyerhaeuser wood products, which was me. So, instead of seeing each other occasionally and having the Sales Company devise its strategies back in St. Paul, with coordination between stock offerings in Tacoma and prices accomplished through a sales company function. (We decided to end) that dualism between Tacoma and St. Paul. F. K. and Bob Douglas moved out here and we decided that we were going to move down the road toward independence in the sales functions of Potlatch-Boise and Weyerhaeuser Company. I don't know to what degree I accelerated that process, but it seemed like a logical step. I don't remember any trauma associated with F. K. at all. I couldn't tell you whether we had long talks about it or not; we probably did.

Edgerly

Knowing that he had been so deeply involved for all those years in the Sales Company, it seems a little ironic to me that the disincorporation occurred during the very brief time that F. K. was president.

Weyerhaeuser

But I think that you have to put it in a larger frame and say, "Where were we?" These legal decisions came prior to that time. That's in the records, too. I can't do the dates, but I know they took a pretty thorough look at the thing. My impression is that might have been as early as 1950. Of course, we had quite a little contact with the lawyers through Laird Bell and Joe Nolan, Budge Cook. I'm not sure, from a lot of points of view, that if we didn't have any antitrust considerations (we would have done it). But once the split was initiated, the disincorporation of the sales company and pulling Weyerhaeuser Company's wood products marketing together with its other management functions in Tacoma seemed logical to me and that's what we proceeded to implement. The family has always had these independent companies associated with various individuals in the family way back from the early days. There was not any kind of sham or any front in terms of independence. I don't care whether you're talking about the Wood Conversion Company and Ed Davis or whether you're talking about Potlatch and Fritz Jewett or the Sales Company and F. K. or Weyerhaeuser Company and its own mills. There was a hell of a lot of independence and independent judgement on what to make and how to price it being exercised in a lot of different places. So, in fact, we were not guilty of anything in terms of sacrificing one set of shareholders or customers to some central authority or purpose. But times changed and as the Sales Company could no longer carry out the marketing function for all the companies, we pulled the Weyerhaeuser Company marketing management into our headquarters and tied it to our wood products group which I headed at the time.

Edgerly

The rest of the interview with George Weyerhaeuser continues on Tape VI.

This is a continuation of the interview with George Weyerhaeuser, recorded on Tuesday, April 3, 1984. This is Tape VI, side one.

Weyerhaeuser

So, I guess what we were talking about is having that occur (dissolution of Sales Co.) in the particular time that F. K. was here. Maybe I'd have had more difficulty in doing it if he weren't here, in a way. As I say, I don't remember any trauma associated with it, but I'm sure that if my uncle were sitting in St. Paul running the Sales Company... Although that probably was somewhat of an exaggeration, too, because Bob Douglas was running the Sales Company and one of the things that we were doing was bringing Bob in so that I could certainly talk directly to him and we could make decisions together as opposed to couple thousand miles apart. It was anything but easy for Bob. He had an awful lot of independence. They had their own sense of purpose and corporate form. That didn't disappear all at once. I had a difficult time trying to communicate whatever changes were inherent in what we were doing, and come to a meeting of the minds with Bob. Bob had a very strong "sandbox" mentality, you know, protective. He could read the handwriting on the wall, but was not accepting it all that easily. And he was working for a relatively young man. It wasn't easy for him.

And then we went through another trauma as we acquired Roddis and brought all that in. That was a big change and a different philosophy. It was a period of a lot of uneasiness. One of the things we did, I'm not so sure it was conscious and certainly was not with malice aforethought, but we did put a lot of the Roddis people in key positions in time. It was a little bit of a question of who took over what. I think as you looked and watched what we did with Jay Wallenstrom, who came from Roddis and became a lead sales guy, some of the older Sales Company people phased out. So it was not just a one-step Sales Company coming to Tacoma; it was a whole series of things that changed the leadership.

Edgerly

Who initiated that acquisition, do you know?

Weyerhaeuser

I can't remember.

Edgerly

What was the company looking for?

Weyerhaeuser

Distribution, broader distribution, broader product line. I think we felt that the distribution centers made sense and we could put more product through more effectively with a combination. I don't think it was the result of our dying to be in the hardwood door business, for instance. It all hinged around the sales. My guess is that we probably became aware that they were thinking about doing something different. As far as who initiated it, I don't think we had a grand scheme (such as) looking at all the various distribution companies and deciding that we were going to go after one of them. They seemed to be doing a few things that fit. They brought the California operations with them.

Edgerly

Which of the California operations?

Weyerhaeuser

Arcata, not Arcata Redwood, a plywood plant and a particleboard plant. They bought plywood. Roddis was handling a lot of plywood, so there was plywood and plywood was a distribution center item. So we looked at it as a vertical and increased geographic spread, an integration towards the market. It was a mixture of things. A fair number of those hardwood products, the door lines, while they were stocked in these distribution centers, there were a lot of them sold directly to institutions needing specialized products, specialized sales. So it didn't amalgamate all that well. Just because you have hardwood plywood, softwood plywood and they can be handled physically through the same kind of facility doesn't mean that the marketing was necessarily the same. A lot of it was architectural plywood, very high priced, specified by job and it went to the job. They handled birch plywood and softwood plywood. It was that fit that seemed to make sense to us and once acquired, as I say, we did build onto that organization. We picked people out of there and, as we developed a region sales system, a fair number of the Roddis people became the region managers in the system. They got a heck of a lot more than their fair share of the sales responsibilities. I don't think that was anything we did intentionally.

Edgerly

I've heard comments on both sides with regard to the matter that you referred to earlier, that is, trying to integrate one kind of organization with another. I've heard people who were from the Roddis side say they felt that they got cut off at the knees in terms of their own progress, and I've heard people from the Weyerhaeuser side that the Roddis people just didn't fit in, their personalities were different, their approach was different. Obviously, those two viewpoints are going to exist in any situation like that where you have some overlap. What would you say were the major differences in character between people who came to this merger from the Roddis side versus those who represented the Weyerhaeuser tradition, as it were?

Weyerhaeuser

I don't know how to generalize about that, really. I think the nature of running a business that's not overly imbued with capital and long-term resources and a lot of high value, high capital, high volume kinds of assets, tends to be shorter term, tends to be more expedient, tends to be more highly reactive to changing conditions. I think that the Roddis people were a lot more short-term-business-oriented kinds of people, as they should have been. We were running a big sales organization, broadly serving the retail trade and selling carload quantities to retailers all over the country. Our people had a tendency to be order takers. Traveling around with some of our sales people, I was always kind of impressed how much continuity they had, long service in the territory. They were really the purchasing agents for a lot of their customers. In one sense that was very positive. They were trustworthy and we were dependable and they did the best they could finding through our system what they could get at a cheap price. That's on the sales end now. They were volume oriented. So you had a system of movement-volume to market. I think superimposed on that comes the sales bureaucracy. That's an unfortunate term, perhaps. I'm not quite sure how much real profit orientation and innovativeness was either generated or tolerated in that. They carried out a kind of a workman-like job as they saw it and probably too narrow a responsibility, given the remoteness of it. The people who were concerned about price and tend to be at the mill or stock and price in Tacoma got more of that and played a key role in that. There were some pretty tough guys in there.

Edgerly

So what you're talking about is the difference between a fairly aggressive organization, Roddis, and a more protected environment here.

Weyerhaeuser

Yes. If you sit in the center of something as a wholesaler and your orientation is to move your material, that's kind of what we were. In fact, we were even selling to wholesalers, so we were a wholesaler to wholesalers. We never really liked to admit that to ourselves. And we always had difficulties when we tried to do industrial selling or we were trying to develop wood products or something. The organization was not really well equipped or allowed or some combination of the two. I'm just talking about the generality. The Roddis management, I think, were fairly tight, fairly tough people. A couple of them wound up running our sales organization. I have the highest regard for them. Shrewd, hardworking. Ted Magarian and Jay Wallenstrom. You'll find people in this organization today, I'm sure, who have a very different view of them. They were doers and businessmen, as contrasted to, perhaps, a much broader, cog-in-a-wheel kind of situation that I think our Sales Company involved.

I'm not talking about back in history. I think the Sales Company in the earlier days was a leader in our system. They were doing things to make sense out of the product lines and they were working back of the market to influence what the mills were doing. They did manage in terms of credit and customer selection. So I'm not making a blanket statement; this is as I saw it in the '50s. If you go back further in history, from what I've read, heard and felt, I think we had a lot of leadership and strength in St. Paul and in the evolution of these companies coming from the Sales Company, or from the combination of the Sales Company and General Timber Service in handling the accounting and credit. It was a pretty darned good job they did. It was more in the later years, when we got bigger and more volume, they got more remote. I felt that the move toward a closer relationship and directing ourselves collectively to what we were trying to do for Weyerhaeuser Company with sales playing a larger role in the marketing decisions by those of us who were responsible for wood products, was a move that needed to be made.

Edgerly

It almost sounds as if you see the Sales Company as having gone through its evolution, having reached perhaps and passed the highest level at which it could make a contribution. Is that an accurate summary?

Weyerhaeuser

I think so. Or, in order to make an improved contribution, I think we had to find out how to work more effectively together. Then you put the anti-trust on top of that. I think some of the reason was to cover more territory, spread more volume, afford to put the salesmen in territories that inland products and others could help carry. Of course, change kept going along with the small retail yards where we were strongest losing ground. Looking back on it now, we had to shift both product mix and we had to shift territory as freight changed and product mix changed. In those rural territories, where we were very, very strong in the Midwest, they needed mixed cars and the retailer could get everything he needed and the only way he could get a carload was to take 50 items. That was sort of our strength. That was, through time, eroding in that we didn't have as broad a product mix.

Of course, we had retail yards for awhile, too. That was a great deal of debate about that. Charlie always felt we gave them away; that we should have kept our retail yards. They were not all Weyerhaeuser yards, but there were Weyerhaeuser Company's Thompson yards and there were other line yards, such as Rock Islands yards. They were very small businesses and they couldn't afford to carry much overhead, they couldn't afford to pay managers very much. They were managing inventory and receivables. The line yards didn't do all that well out there. The market was changing. The Laird/Norton people, who've acquired a lot of yards, manage them differently, and Boise did. But I think that retailing was changing. I'm not so sure that managing yards in Fargo, North Dakota and other things was really going anywhere. Although I think Charlie's view was that we sold them too cheaply, probably. I think further than that, that maybe we should have run them tougher and better.

So there were lots of changes going on. If I had to do it over again, I don't think it was a question of whether; I think it was a question of when and maybe F. K. felt the same way about it.

Edgerly

You became a member of the board in 1960, I think, on the occasion of the annual meeting that year. F. K. resigned from the presidency in February of 1960, which meant that Norton was elected president before the annual meeting.

Weyerhaeuser

F. K. was 65, I guess. He was born in 1895.

Edgerly

I don't think at that point age made any difference. I don't think there was a retirement rule. I think that was instituted later on.

Weyerhaeuser

I know we had some pretty old board members, but I don't know about CEO.

Edgerly

I believe he could have continued to serve if he had wanted to, although I'd have to check myself on that to be sure.

Weyerhaeuser

I've had it in my mind that F. K. retired in the normal course of events. I don't mean that there was anything signed in blood. I can't remember the sequence of this. Howard Morgan and I and Joe Nolan all were made executive vice presidents and put on the board, I think, simultaneously. My guess would have been it was 1960 or '61.

Edgerly

May '60 is when you became a board member. In any event, I'll check to see exactly how the age bracket may have affected the situation with F. K. But do you have any sense about how the decision was made for Norton to succeed him, even though you were not on the board and therefore wouldn't have been a party to the negotiation or discussion?

Weyerhaeuser

No. Knowing how things were done in those days, my hunch would be that that was a function of three or four of the board members, including F. K. and Laird (Bell) coming to the rest of the board. Howard Morgan, Joe Nolan and I were put on the board as senior executives in the management transition under Norton and I think it was a logical thing to do. I think it was the same meeting, but if it wasn't, it was nearly simultaneous. We hadn't had management on the board. I'm not sure we ever did.

Edgerly

Charlie would be the one exception.

Weyerhaeuser

Sure. That's right. And when did Charlie retire?

Edgerly

'60.

Weyerhaeuser

Same time.

Edgerly

I believe his retirement maybe was effective the first of January 1960.

Weyerhaeuser

And it was probably Charlie's retirement that triggered appointment of Howard and me and Joe.

Edgerly

Except Charlie remained on the board. You mean being appointed vice president in charge of the various groups.

Had you had much contact with Norton Clapp prior to the time he became president?

Weyerhaeuser

No. I knew him. Norton never had any, I won't say never, but certainly very, very limited, other than board, responsibilities with the company. So he was not in any sense an inside director. He was secretary of the company for years, but I wasn't aware of that being other than a nominal involvement. I don't think it was and I think he was an officer, nominally. As I look at Norton coming on as CEO, I think they basically decided that they were going to pull him off the board and make him president. But I had never worked with him.

Edgerly

Did he involve himself in day-to-day business decisions? Would you consider him a CEO in the sense of being on the scene?

Weyerhaeuser

Everybody does different things. I think that Norton came as an accomplished lawyer, businessman, investor, not inactive, very much the contrary. He brought a lot of both procedural and business risk know-how to the table. He brought all that with him and exercised it. I guess I'm trying to draw a contrast; when you say day-to-day... Norton formed his own ideas about who he wanted to do what and how he wanted it organized. His ideas didn't agree with everybody's by any matter of means. I know that nobody had trod on Howard Morgan's territory from the beginning, but Norton did. When we had acquired Kieckhefer in '57, Howard was very much integral to that process. I'm sure he led the acquisition. Somewhere along the line, Norton decided that he ought to separate out the shipping container business from Howard and put Ivan Wood in charge of it. I'm saying this to illustrate that he didn't come in here as a custodian. He had his own ideas about what to do and did it. So he was actively involved.

Day-to-day in the sense of sawmills or wanting to spend a lot of time with me on what was going on in location A, B, C, D, E, I don't have any great impression of that. I'm sure Howard would have given the same answer. Howard was running, the part that wasn't carved out anyway, for a long time. Norton had worked and was certainly thoroughly compatible with, knowledgeable about, a lot of Joe Nolan's activities and worked very well with Joe. He had his own sense of things that he wanted to do that were kept up, a lot of external direction things. He worked very hard at it. He didn't come in once a week to see how we were doing or anything. Norton was very much involved. It's certainly fair to say that Howard and I and Norton did not agree on everything. We had differences, but it was not an atmosphere in which we were not allowed to carry out our responsibilities. So when he wanted to change the direction or something, we thrashed it out and changes were made. If you were to compare him, say, to Charlie Ingram, for instance, in terms of intimate knowledge and areas of interest and following what was going on, there was no comparison. Of course, Charlie wasn't the CEO, either. So, in effect, we inherited the full responsibilities that Charlie was carrying, subdivided a couple different ways.

Edgerly

One of the changes that I see most readily as a result of Norton's being chairman are some of the alterations that were made in the board and its structure. He introduced what appear to have been some major changes not only in membership, but how the board did its business, and the expectations that were placed on board members. Certainly the fact that some new members of the board were introduced at that time or during that time would be an example. Do you remember any major difference in the way the meetings worked and the role that the board was expected to play as a result of Norton's being president?

Weyerhaeuser

Of course, that was my first time on the board, so I'd never attended meetings. Maybe there was a little transition there, but it wouldn't have been much.

Edgerly

I thought maybe you would have seen some evolution, let's say, over a period.

Weyerhaeuser

Again, I remember in the early days we had Herb Kieckhefer and Joe Auchter, Ed Hayes, F. K. They had all been the senior counselors. I think they put in an age limitation somewhere along the line. O. D. Fisher was on the board. O. D. was about 80 years old or something. He'd get to talking, and you couldn't stop him. He'd get to talking about Louisiana Longleaf Lumber Company in Louisiana. Incidentally, I sat next to a lady at a dinner Friday night. Said she had quite a lot of Weyerhaeuser stock. She said, "Do you know much about Snoqualmie Falls?" I said, "Well, I know a little bit about it." Her name is Grandin. There was a company called the Grandin Coast Lumber Co.

Edgerly

That's right. It was one of the investors in the formation of Snoqualmie Falls.

Weyerhaeuser

It was one of the investors in Snoqualmie Falls, along with the Fishers. I don't know what form the Fishers' investment took, whether or not they had a company, but it seems to me there were at least three groups. She was one of them. She was also involved in Louisiana. I said, "Yes, I think I remember a little bit about Louisiana." I'd heard O. D. Fisher talk about it at board meetings a long time ago.

But the board was pretty big and pretty much all ownership and fairly old, so the meetings tended to ramble on. That's my first recollection of the board. Now obviously, as time went along, it got smaller and there were some additions to the board. I guess Hauberg was on then. O'Brien came on.

Edgerly

O'Brien would have been one of the first outside board members, I believe.

Weyerhaeuser

Right. And of course, Bob Kieckhefer was on then. So of the current board, only Hauberg and Kieckhefer preceded me or preceded us, and then O'Brien, I guess. But with Herb and Joe Auchter, these were businessmen. They understood the shipping container business. Joe Auchter was a very shrewd and very able businessman in a lot of different respects. So they got involved in the history or business aspect of a part of the business in a major way and they, of course, were very major shareholders. John Musser was on there, Carleton Blunt, all the historic representations were on the board. We began to shift then, to try, as retirements came, to get the board smaller. We reduced the representation by attrition in the families and we've evolved now to the point where the families that are still represented are represented by single members. We did that consciously. We felt we ought to bring in strong outside board members. Then we were, from time to time concerned with what's the best size board; we had different views of that. Generally we felt we didn't want a great big board. It got too big at one point there; I guess we had 15 or 16 members. In recent years, we've brought in younger members, Bronson Ingram, John Driscoll and Bill Clapp, so we've got, I'd say, the next generation of family representation. Bob Wilson came on about the time I became CEO, I think. Bob was experienced in the lumber industry in Oregon. Let's see, who else? We brought Grant Keehn of Equitable on the board. He was on for one year. (Mr. Keehn joined the Board of Directors in 1964 and served for approximately one year.)

Edgerly

Among those people whom you've named, who would you say were the most forceful personalities?

Weyerhaeuser

I certainly think Bob fits into that category, Bob O'Brien. He was both forceful and took a lot of interest. He has always been well informed and works at it. I think Joe Auchter was a very forceful individual and knowledgeable. He was going off, though, not coming on, I guess.

Edgerly

What about John Musser? Was he very active?

Weyerhaeuser

John was always very interested and always had ideas and always had a lot of questions and concerns about what we were doing. There were certain areas of activity he was very much interested in: personnel matters and sales, part of his background. He always had some things he wanted discussed or wanted us to think about various different approaches in terms of education and training and employee relations. He did a lot of reading, had a fair number of friends and associates, I think, in the field. That was a particular interest over a number of years, a long number of years. He was on the board a long, long time.

Edgerly

Did his opinions on such matters carry weight to the degree that it influenced some of the company's personnel policies?

Weyerhaeuser

I think he kept us exploring always. These are not typically matters of board decision that he was engaged in, so I don't think he was having any particular influence on board decision-making, more on management. He did have an influence there. Of course, Herb Kieckhefer and Joe Auchter had a lot of ideas about how we ought to be conducting our business in the segments that they were familiar with.

END OF SIDE ONE

This is a continuation of the interview with George Weyerhaeuser on April 3, 1984. Tape VI, side two.

Weyerhaeuser

Ed Hayes and Charlie were always well informed about the lumber and timber side of things, very much interested in our forest policies, cutting practices and sustained yield and broader than that, I'd say. Probably Ed and Charlie knew more during their board service and after. They had lots of contacts in the industry, in the area, with our management and so they continued an active interest and were certainly forceful in the major decisions that were made while they were on the board. As, of course, was F. K. He continued to be actively involved. So we had some strong and experienced owner/managers.

Edgerly

To get back to your career path in a general way, I did a little bit of reading to see what I could find out about the business cycles in wood products during those first years that you were responsible for wood products. I found out that sales were off and production was down because sales were off. Prices were not as good as they should have been. Do you have any specific recollections of wrestling with problems that were caused by the slumps of the late '50s and first couple years of the '60s?

Weyerhaeuser

I don't know the dates you picked. Are you talking about when I went on the board or when I became CEO?

Edgerly

It would be during the period of time in which you became responsible for Wood Products in particular.

Weyerhaeuser

We also had a big sag in '67 or '66. I'm sure another one in '70, about every four years or so.

Edgerly

I was thinking about it from the standpoint that that would have been the first time you were responsible for one particular group and yet you were faced with what was a very difficult time in that business.

Weyerhaeuser

I don't have any strong impression of that. I have a strong impression of periodic cycles and the reactions. Usually we were reorganizing. Nothing ever went along a nice, steady path with programs and the markets cooperating. But I guess that wasn't anything too new. I wasn't overly concerned with the short-term situation. I think that I'd been around long enough to know that what goes down often goes up.

Edgerly

So you don't remember feeling any particular sense of pressure as a result of that?

Weyerhaeuser

No.

Edgerly

The company changed its name in 1959 and devised a new logo at the same time. Did you have any discussions with colleagues who expressed certain feelings about it or mentioned the loss of a particular identity by dropping "Timber" from the name?

Weyerhaeuser

I don't think it was a particularly traumatic event. I think there were individuals and I think a sense of loss in some people's minds. There was a sense of history and what we were all about. I was close enough to the changes. They had corporate identity advisors coming in. I thought the transition was done well. There's still some nostalgia associated with it. I see old-timers that still own shares or old employees who, to this day, refer to it as the Timber Company. I guess we all did, as a matter of fact. But we were changing, more products, more exposure. I think it made good sense. I certainly didn't get out the crying towel or have any great sense of internal revolt over it. Maybe more shareholders were concerned than employees.

Edgerly

There was a re-education program, I know. They made quite an effort to introduce it, to phase it in with a fair amount of information about what was being done and why.

Weyerhaeuser

Yes, that's what I mean. It was reasonably carefully devised with some considerable follow-through.

Edgerly

What do you remember about the Columbus Day blowdown in 1962? Certainly Wood Products and Land and Timber were affected in a major way, to say nothing of the fact that the company was affected in a major way.

Weyerhaeuser

Again, it was a major event which required a lot of adjustment in terms of logging plans, but not unique. It's kind of like my statement about cycles; it seems like there's a cycle of natural events, which is too frequent. We certainly had major salvage operations in connection with fires, in connection with the Douglas-fir bark beetle, particularly in Coos Bay. I can't even remember the dates. We had the hemlock looper in the State of Washington. Then something was hitting the white fir. I can't remember what that was. All these have dictated new logging plans. The Columbus Day blowdown was more extensive, bigger amount of timber. There was a lot of concern about what was going to happen in terms of logging costs and recovery rates. Looking back on all those things, I think the company was well served by its ability, as at Mt. St. Helens, to extend our transportation systems and logging areas rather rapidly. Thank god we were truck logging and thank god we were developed as far as we were. We were far enough along in the development of most of these areas that we could in fact access the damaged timber. There was a fair amount of breakage, a fair amount of loss. Maybe you're not as impacted by those things as you would be if you were living on three years of timber, or four or five and you had paid current values for them and you lost them. You'd be viewing them as traumatic economic events and supply events. Whereas, in our situation, I think it's natural - it's a luxury - to view it as coming off the tail end of the harvest. It's not affecting mills and marketing, at least not to the extent that major volumes are lost or that great big product shifts had to be made. So, once you adapted the logging plans and could implement them in a reasonable fashion, all these events could be contained within three or four years. I would guess, the Columbus Day blowdown was the longest.

Edgerly

Who did work on the logging plans after that blowdown?

Weyerhaeuser

Every branch. All the detailed logging plans were constructed in the areas. Certainly we surveyed the total situation and we had a pretty good idea about what the extent was and the logging that was involved. Then each one of the major operations developed plans. Longview seems to be the center of most of these things. You can go all the way from the Yacolt burns to the hemlock looper to Columbus Day to St. Helens, every one of them's hit Longview. But Longview is also a branch where there is a fair amount of second-growth and we have extensive transportation systems in there, rail and road. So we've been able to pretty well handle it. If some of those events had happened in Coos Bay or Springfield a few years earlier, where you have great big blocks of timber, isolated and a long way from roads, we'd have lost a lot more of it. Mainly what it implies is a large scale salvage operation which redirects a lot of local effort. I suppose the other thing that happened to us is we generated, during weak markets anyway, a fair amount of additional wood and a fair amount of whitewood that would have had very little value if we hadn't been able to coincide with the Japanese need for increasing volumes and a preference for whitewood. We were very fortunate.

Edgerly

Many people point to the Columbus Day blowdown and the resulting surplus as being the company's first real step into major log exporting, although there had been exports by the company since the time it started to manufacture lumber. Do you know who pursued that, how that came about, who was the prime mover in arranging for the export?

Weyerhaeuser

I should, but I can't remember. In history we sawed a lot of material that was graded to specification and went to Japan in the old days in the form of big cants. When I was at Springfield, I think we did a pretty consistent big volume of timbers. Our alternative there was to saw them up into little pieces and to ship them halfway across the country at a fairly low realization as utility lumber. So we sawed a lot of low-grade logs up and put them into export. We sawed high-grade up where we got very high prices on selected clears. Or we sawed timbers for Australia or hemlock planks for the East Coast. But all that was part of the lumber business and I'm not aware that the company ever did anything significant in the way of shipment of logs. That isn't to say we didn't. I'm not conscious of logs moving intercoastally or export.

Edgerly

No, that's my impression. As I said, I know the company had exported before that, but it had been manufactured lumber of some sort or other. Consequently, perhaps the Columbus Day blowdown stands out because it does represent an entry into a market that had not been pursued prior to that time.

Weyerhaeuser

Yes, I'm not sure. I think probably Harry Morgan could help us with that. He was probably involved. But I'll be darned if I can remember the sequence was of investigation, first orders, etc. We certainly built up significantly in the early years and then it took off. As in most of these things, I'd be surprised if the Japanese didn't have something to do with it, too. Whether they came to us, I just don't recall.

I know I was very concerned, particularly about the hemlock. It was unmarketable and if we'd been forced to saw all that stuff, the coastal hemlock was not a preferred wood in 2x4 or 2x6 dimensions. We were selling hemlock in 3x12, planks, and that kind of stuff into Brooklyn at very low prices. We got a lot of this hemlock down, some of which was defective, but much of which would just go into dimensions because hemlock doesn't make very good timbers. Even the hemlock we were cutting before the storm was not commanding much of a market or a margin. There's a little bit of a contrast with Cascade hemlock, because St. Paul and Tacoma Lumber Co., and Weyerhaeuser's White River mill had been touting Cascade hemlock for years and years. They made a pretty good product in selling dry dimension. But you weren't going to take that big blowdown on the coast, saw it and dry it. We didn't have either the facilities, the quality of the timber or the market. So the log trade was a godsend. It, of course, evolved into a pretty good quality log, but it was heavily the hemlock and the values that they were able to pay far exceeded in domestic market values, still do, of course.

So, we had incremental volume, a species that we would have had trouble marketing in a manufactured product form, and it shipped very well. We've been at it ever since. We've worked hard, we've got more second-growth fir, there's a lot more fir moving now in the trade we've established.

In export hemlock was the preferred species and demanded a higher price. That's swung around now, so that fir is now probably 50 percent of the volume. We've learned how to

use fir for different things and the preference is not as strong. We've got Canadian competition in the whitewoods, whereas we don't have as much in fir. So that whole thing has evolved as a major demand which came at a good time and "took" very, very well; still does. As we've lost markets in the South, and freight rates have gone up, it has provided us with a very strong additional market in which we are not at a disadvantage to anybody. I can't tell you how we (got into the log exporting). What's even more disturbing, I'm not sure, other than Harry, whom I would ask.

Edgerly

Harry and I did talk a little bit about it, but I'm not quite satisfied with the amount of information we do have about it. It's such a critical turning point in some ways, and yet, we seem to have very little about it in the Archives and people's recollections of exactly how that occurred seem to be pretty vague. Maybe it's just because it was over 20 years ago.

Weyerhaeuser

It started, like most of those things do, a little bit at a time. I have much more of a recollection of the initiation of the chip business, for instance, because we had some people working that. We were dealing with distinct Japanese companies right at the beginning. Then Charley (Bingham) got involved in that business early on.

Edgerly

When did the chip business start to evolve?

Weyerhaeuser

I wish you wouldn't ask me the dates on things like that.

Edgerly

I'll do the research on the dates then.

Weyerhaeuser

I think it was a little later, mid-'60s. It started with Toyo Pulp and at the beginning the Japanese, in order to get the freight rationalized, had studied the situation. Some of them had a pretty good idea of what they wanted to do. They needed a certain size of vessel and insisted on long-term contracts so they could amortize a specialized vessel. We started out that business with distinct, individual customers. We had to put in some

investments at loading points, Coos Bay, later on at the Harbor, Longview, Tacoma. So there was kind of a business growing there that required facilities. We bought chips, so we were buying. Again, there was a very significant price differential to pay for the facilities and to do other things. Once you got them in, then we were in a position where we could rationalize the freight to these points and procure chips. So it became a part of an overall system.

Edgerly

Were some of the contacts that had been made in the log export business part of the development of the chip business?

Weyerhaeuser

I doubt it. Because I think it's different customers and you're talking to the paper companies. That isn't to say that the trading companies couldn't have been parallel, but they would be different departments or you'd go to different customers. It was much more driven, in that case, by the industrial user, whereas the logs were going through the trading companies to a myriad of individual sawmills and associations, so it's much more fractured situation. Whereas, I don't suppose we ever had more than 15 chip customers, we've probably had 150 log customers at various times. Let's say a contract for chips is 60-80,000 tons a year, so you only needed 15 contracts to move a million tons, or whatever. I think we got up over a million tons. The log business could go in various kinds of vessels; small vessels were not specialized and required no onshore investment. You didn't have to change. I still don't know the answer about which trading companies or how. I knew that in the later stages, of course, we worked very closely with Mitsubishi. We developed our own momentum, and were initiating things, but I'm not sure how that first couple of years evolved.

Edgerly

I don't know how much time you have. I feel as if I've glanced off some areas. I haven't maybe come up with good enough questions today and I'll try to work on that a little bit. I don't quite know why. Some subjects are eluding me, partially because it's a transition time, in a way, in your own career. It's a time when you're going from the specific to the broader view. I may be missing some of the essence of that. I'll have to work on it a bit.

Weyerhaeuser

I think it's certainly harder. I said the last time it was predictable, because it's a good deal harder to separate the events and any kind of demarcation points when you're going into broader set of responsibilities. A lot of those events tend to meld together in my mind, whereas things we were talking about the last time were so sharp and distinct and different. I remember the people and the circumstances. I can visualize. I remember talking to my dad at various times. Some of his fondest recollections of various times were associated with Lewiston and Idaho. I always found that to be very peculiar. And yet I'm the same way, I think, in a sense. The formative years leave an impression, the early years, the freshness of the experiences and the satisfactions associated with something that's close at hand and not general and not administrative. Those are distinct. I guess they don't leave you. I guess that's also true as you age, too. I think it's true that older people's memories are sharper in the distance than they are in the present.

Edgerly

I don't think you're at that stage yet.

Weyerhaeuser

No, but I remember that.

Edgerly

I've already got some really broad and very distinct categories that I want to cover from the mid-'60s on, but I've had trouble with this transition period, obviously. I can feel it today. I can feel that my questions haven't really hit the mark, haven't triggered some of the things that I was hoping to learn about. So I'll have to work on that.

One thing I wanted to tell you, because this came to me the other day after we were talking. I thought you might especially appreciate it. I don't think it's recorded anywhere, because it was part of a conversation that John Shethar and I had one time. I think we talked a little bit about the fact that we hoped to do an exhibit about your father at the time that the book comes out. We had done sort of a little prototype exhibit in the Archives to see what our resources were and experiment a little bit with what was available. He said to me, "I remember the first time I met J. P. Weyerhaeuser, Jr." I said, "When was it?" He said, "I was in New York at the time and I was told that the president of the company and his brother, F. K., were coming. This was the first

time I'd ever had any exposure to people at this level and I was very excited and, I guess, a little nervous about the arrival of these two people. I was supposed to meet them." (I guess he would have been meeting them at a train.) "I had the description of these two people, but of course I was expecting someone who'd be very distinctive, someone I could pick out right away. I saw these two people walking across the station toward me and they had hats pulled down on their heads and wrinkled old raincoats and they looked like they were just walking around in Brooks Brothers bags." He said, "I looked at these people and I thought, 'Oh no, that can't be right.'" He wandered around a bit. I guess they sort of circled each other and finally he realized that these were the two people that he was supposed to be meeting. He said, "It took me a week to get over the fact that this unassuming pair were the two people who were making major decisions about the company and so on. I was so pleasantly surprised that this was not some grand entrance being made by a CEO." It was a charming story about his first recollection of seeing your dad walking across what I think was the railroad station in New York with F. K. with their crumpled clothes and hats pulled down over their heads.

Weyerhaeuser

I can associate with that very easily. I guess if there was one characteristic about my dad that sort of would be at odds with the giants of industry, it would be that. He didn't care about clothes. He was casual, if anything, in dress and manner. F. K. was a notch better, but not much (laughter). I don't remember him with a press in his pants; he had old hats. He was a very nice-looking man, but he didn't enhance it any by what he hung on his frame, for sure. The term "rumpled" would be appropriate. It didn't matter too much what the circumstances were. I don't remember him getting shaped up very often. He kind of sprawled around and relaxed. Interesting guy.

I think I saw John the first time in New York in a sales office up there on Park Avenue. God knows when.

Edgerly

I regret deeply that we did not have an interview with him.

Weyerhaeuser

He was very insightful, a very thoughtful guy. I can get you an interview with his brother-in-law (laughter). Have you ever met Spencer Smith?

Edgerly

No.

Weyerhaeuser

A wild man. He's married to John's sister, Lois, an old friend. He worked at Longview for a little while when I did.

Edgerly

Does he still work for the company?

Weyerhaeuser

No. John succeeded him. Spencer was in pulp sales. He drinks like a fish now and I guess he has for a while. He went to Dartmouth. He used to be a great guy; he's a mess now. John worked for him. He ran our pulp sales for ten years.

Edgerly

I didn't know that. Well, in any event, that's one story that John told me and I thought it was rather an endearing story and that you might enjoy hearing it. I don't know if he ever told you that or not.

Weyerhaeuser

No. It generates an interesting picture.

Edgerly

Yes, it is. A very clear picture in my mind, as I see them walking across the station. I have seen photos of your father and there's the one of him, a profile in which he has the hat pulled down and his coat collar turned up. That's a photograph I like very much. I find myself thinking of that picture with the hat pulled down and there was John, probably with his best suit that day to meet these people from Tacoma.

Weyerhaeuser

Yes, all slicked up. Well, another day, another battle.

Edgerly

Another battle?

This is the end of the interview recorded on Tuesday, April 3, 1984 with George Weyerhaeuser. This ends Tape VI, side two.

This is another of a series of interviews with George Weyerhaeuser. This interview was recorded on Wednesday, July 18, 1984. Tape VII, side one.

Edgerly

I want to begin with some of the questions which were prepared for the last meeting. They start us into the period of the early and mid-'60s in which your career made some major changes in direction, and the company did, too. One of the things that interested me were some documents that I found on a Palo Alto meeting in September of 1965. The material on the meeting seems to represent sort of a culmination of what appears to have been maybe even more than a year of discussion with regard to corporate growth strategy. The analysis looked at Weyerhaeuser and its potential. There was a report from the Management Consulting Division of the Boston Safe Deposit and Trust Co. Then I looked at your files on that and found that Norton Clapp and Joe Nolan, along with you, played the three major roles in that process. Can you describe to me what happened in that year or more prior to that Palo Alto meeting and what the discussions were like?

Weyerhaeuser

I wish I could. I don't think I can. I remember working with the Boston consulting group. Interesting exercise. It was relatively new itself. Bruce Henderson had set the thing up. They had views about growth, market shares, learning curves, how, with time and experience, repetitive operations could cut down the cost. As you come down that learning curve, you gain market share; you come down the learning curve faster because you're doing more and more and gaining experience in the field. He had and they had some interesting theories about how as you do that you gain market share, you gain cost advantage. You can come down that curve, you gain competitive advantage. It's a sort of reinforcing process that results ultimately in a more efficient producer being farther down the curve, being bigger. It's a growth scenario strategy.

As I recall, we looked at various aspects of what we were doing. I think we knew the process of examination was probably more important than the result; looking at what you're basically doing and standing back from where you've been and trying to look at where you want to put your emphasis for growth. I think all that was useful. Whether or not we followed a particular recommendation or strategy that came out of it, I can't recall. But I think the leadership of the company was attempting to look at directional change and look at what we were doing and I think all of that had certainly some influence on what we did in the ensuing period. We were in a period of uncertainty and

new faces, both with Norton and Joe, you'd have to add Howard Morgan to the list, I think.

Norton was certainly interested in and an advocate of different courses of action and change. I guess it's natural that as you go through a couple of changes of leadership and fluctuation in the top management, you get different views and different perspectives and it was a period in which there were a lot of changing responsibilities. I suppose the thing that changed the least in that time was Howard's responsibility. He had an awful lot of experience in his field and the pulp operations within Weyerhaeuser were somewhat segregated and managed separately. They continued to be. Howard ran our pulp and paper operations. They had a culture of separatism - I don't use that term entirely in the bad sense, either - separate training, background, people, management.

When we took on major acquisitions in shipping container, Kieckhefer, and integrated forward into fine paper with the acquisition of Hamilton Paper Co. and Crocker Burbank, the Fitchburg related business, there were big changes in the company. We had a major expansion in terms of product and different cultures, largely following Howard's direction. They introduced a lot more long-distance communication, a different sized company, produced a lot of change in that period. We were in the late '50s, early '60s. I think that Norton, I'm not sure of the reasons, moved into the shipping container/linerboard end of that and in effect left Howard concentrating on pulp and paper. At some point there, it must have been in the mid-'60s or had to have been in the first half of the '60s, Norton had Ivan Wood reporting directly to him on shipping containers, and dealing with the Kieckhefer organization. It had its own culture, its own pretty strong guys running various parts of it. So it was a consolidation and formative period, unsettled as heck. I don't think Howard ever, very understandably, was pleased with all that.

Edgerly

You mean the move in to the shipping container business?

Weyerhaeuser

No, I mean the removal of linerboard and shipping container responsibility from Howard's group. Howard always had a lot of knowledge, conviction, strength. He did his own thing. He did it his own way. It was a very difficult period for him. I think it was a difficult period for the company. I don't think we did a very good job bringing those

organizations into focus and on board in a well-thought-out way. With the various entities that had a history of running themselves, we had a good, sound strategy, but it was a long step between the strategy which led us into those businesses and a good, sound set of working relationships, right up to the top, which did not really get well established.

Edgerly

During that period of time, was Norton what you could consider a "hands-on" CEO?

Weyerhaeuser

It's a mixed answer. Everybody has his own style. I think Norton was hands-on in the sense that he had certain things that he wanted done and he initiated certain things. But certainly when you talk hands-on in the sense of the way Jon Titcomb or Howard Morgan were involved in wood products and pulp and paper, there's certainly no comparison. You can describe that in terms of personal contacts, the experience of personal contacts with the key managers. Those were Howard's men, running our old-line operations, and Howard interjecting new operations and Howard worked with them in the sense that he worked from the top with the people that were required there, personally directing and consulting. He not only conceived the directional strategy but also was operationally in direct contact and very much making the key decisions and guiding people. Jon Titcomb had a very different style, but again had a lot of good experience and a relationship with individual people and experience. He'd travel around, spend time in the operations, he dealt with the managers, top guys.

So they were personally very much involved in the top direction operationally. In Howard's case that would go to marketing strategy, pricing, product mix, things like that. Norton did not concern himself with those kinds of things. But when we went to the Boston consulting firm, he certainly did spend time thinking about and dealing with consultants and with us about the way we were organized, what we were trying to do.

F. K. certainly had looked to Howard to run that part of the business. He'd given me a lot of responsibility. We had Joe Nolan having the staff activities and a lot of independence, I guess you'd say, in the various parts of the business, under the two of us, Howard and me. Norton had ideas and he carried them out in consultation with us or on his own. He came in over the top of that structure, but he followed a history, as I've described, of independence on Howard's part. And Charlie Ingram, through Jon Titcomb and through the mill managers, certainly had had a long history also of running these

businesses in Dad's era with a lot of consultation about where they were going to go. But contact, direct hands-on, came from the operating managers, Charlie and Howard. So we went through a series of changes in people, but I don't think style changed all that much. I think Norton came in with more ideas and more studies and there were a lot of changes that took place. And he changed the organization, as I said, in the shipping container case. Increasingly we tended to pull up some of these historical relationships, grouped and segregated, as time went along, into a more centralized structure, directed more from the top. I tried to pull paper activities together later under Joe Brown, get organized, trying to get better control of what was going on. In Fitchburg and North Carolina we had established groups; we tried to pull marketing closer together in the pulp and paper situation, also brownboard, shipping container. That got increasingly messy, difficult, and competitive almost immediately after we bought the business.

Edgerly

You mean the shipping container?

Weyerhaeuser

Yes. I think if you wanted to pick the golden era, it was probably the '50s. As we and others integrated forward into shipping containers, it got less and less profit-oriented and more and more dog-eat-dog as the industry kind of rationalized itself. It still is a pretty darned tough business, now probably 90 percent integrated, with the basic producers having gone into the converting business. We went through this period when box making was the name of the game from Kieckhefer's point of view to an integrated approach, which took on much more the flavor of system management. One of the outturns of that was a lot of people doing that as well as ourselves and the profit margin tended to disappear out of the box making.

Edgerly

Is that primarily because of the capital investment necessary to sustain the flow?

Weyerhaeuser

I think that's part of it. People that were in the production of linerboard which has high capital intensity tended to move into the box business for protective reasons, to try to get assured market access. One of the results of that was that they were less cognizant of the individual opportunities in markets and more cognizant of flow and more concerned about volume and continuity than they were about service and margin in the

box plants. It's just a big business, with high capital intensity managing a small one. The independence became less of a factor. So it was big against big. It changed the character of a lot of the business.

Of course, we later went through the same kind of rationalization period, in pulp and paper businesses. Companies were acquiring paper distribution chains in the fine paper field and we were integrating from pulp to paper. Later we were working, trying to see whether we felt we had to go into the merchant distribution business in order to protect our flows to market from the fine paper division. We decided not to, which was a wise decision, and instead worked with a lot of new, growing paper merchants. We helped them in various different ways including financial guarantees and other things. Later, they became bigger and bigger and now we have good, strong paper distribution relationships without trying to own and manage the outlets.

The reverse happened in shipping containers. Companies, one after the other including us, expanded into that field, so it became almost totally integrated. And, in the process, less profitable. But, it depends on what your objectives are and one of our objectives certainly was to have full access to the market so we could control, in a sense, more of our own destiny with these big facilities at North Carolina and Springfield. In various later phases of development we have set up shipping container plants as profit centers, giving more substance to their independence, and now are really down managing them plant by plant as major profit centers. So we're doing a better job of it. This is a long time. We're now 25 years later.

What I'm saying is, we acquired our way into these fields, we took some time to get acquainted with the management, we changed some of the senior people relationships in the company. It took us a long time to settle down and get the employees organized as business entities. Historical differences, cultural differences in the people, business differences, different views at the top of our company about how to manage - all created barriers and took time to work through. Of course, in fine paper, we acquired a lot of people who had worked for several companies. The paper business itself was going through something of an evolution and you don't always see the end point of all that. In getting into the field, you have to get with people who are willing to be merged and they turned out to be fairly big pulp customers with non-integrated facilities. Of course, the direction of the paper business has gone two ways. The smaller, non-integrated mills have specialized. We didn't do that very well; we integrated and we disposed of them.

And then the other route, as the paper business has grown, commodity lines expanded and we have tended to integrate them at big facilities. So the acquisitions only really in retrospect provided us with entré to people and some knowledge of the business. We bought some fair degree of obsolescence when we did that. Then the startup curves were fairly long and getting acquainted with these businesses and people took time. Disposition of the parts that didn't fit was just a rationalization process. We could have continued operating these specialty lines and maybe we should have. I'm talking about specialty products made at Fitchburg and Miquon. The new owners are more successful than we were. I think that goes to size and scale and attention to the myriad of opportunities as opposed to larger scale kinds of things that our people are better trained for, more comfortable with and that perhaps fit our style better. However, some of the better-run specialty operations earn better returns on smaller capital bases.

Now with the cycles, of course, when demand is high, the industry tends to operate full, these big, efficient, integrated facilities do very well. They don't do very well on the reverse side of the cycle, when specialty products do relatively much better. But I'm just sort of describing our transition from a pulp producer, seeing the pulp consumers being either acquired or integrating and you see your market eroding, in various stages of this. We integrated forward in a defensive, protective kind of a way.

In the last analysis we did not really protect our pulp business by buying Fitchburg and Miquon since they became uneconomic buying market pulp, unless they could make more specialized products. We sort of went through that transition with the worst of both worlds, I think. I think, in terms of the management of the new business units which we were integrating, they suffered when they tried to accommodate to a larger system, trying to move volume. We also, in this time period, went out and - I'm covering quite a time period in all this - decided that we would expand the milk carton and the folding carton businesses as well. The folding carton business was run by small entrepreneurial-type operators. We wound up, I suppose, at one time acquiring six or seven of them. My recollection's a little vague, but I think we managed to lose money on them most of the time. So did others.

Edgerly

Was that approached with sort of an experimental bent of mind?

Weyerhaeuser

I don't think so. I think we thought we could move out in the next stage of conversion from folding boxboard. Kieckhefers had a primary boxboard plant. We employed the same sort of strategy, which is "go ahead and convert the primary product". If you use the term "experimental" in the sense that we thought it might fail or was...

Edgerly

No, I was thinking of it in the sense of "testing the water", trying to get a feel for whether that was a business that was right for the company.

Weyerhaeuser

No, I think we decided we would go ahead and expand by acquisition and vertical integration. People involved in it were dedicated to it. We rationalized that we had to stay in it. Milk cartons, of course, Kieckhefer was in in a fairly large way and there were only two or three licensees in the country and we were out in front at one point with something like 25, 27 percent market share. I think we made a series of fairly large mistakes in that arena. I can't recall all of them. In changing the type of carton, to poly coating from wax, we were slow and had problems upgrading our conversion facilities. We lost market share and got it down into a position where we were in a holding pattern, not really sure whether we were going to grow or shrink. Finally we decided to shrink. At that point, the margins for converting were nonexistent, our basic facilities weren't fully competitive in scale or cost with IP and Champion, so we converted our bleached board facilities at Plymouth and Longview, one totally and one partially, to fluff pulp and keyed on the bleached board export business, which was still viable in Japan, in a growing market. We finally shrunk back to a West Coast milk carton operation from, at one point, the number one position in the country. I don't think there's too many cases to where we've done that in this company. Our two main competitors put more resources behind it and got their costs down and managed competitively. I'm not sure what we were doing. All three of these businesses, of course, emanated from the Kieckhefer acquisition. [Pause] All of these kind of started from some position as a primary manufacturer of the primary paperboard, bleached, brown, and folding carton board. To various extents, Kieckhefer was in conversion of all of them and we chose to expand the conversion operations with varying degrees of success but generally disappointing results.

Edgerly

Do you think there was pressure from the Kieckhefer people to move in that direction and that that, then, had an influence on the company's decision?

Weyerhaeuser

That's not my impression. The Kieckhefer management which, in the early stages, was represented by John, who was a very, very strong, competent leader, knew his business very well, and by Joe Auchter, a very, very shrewd man, capable and good businessman, and then a lot of the regional executives. Herb [Kieckhefer] sat on our board and Joe Auchter and Bob [Kieckhefer]. When you acquire your way into a business, you do so expecting to build on it. Once you're into a field, you look at the parts and you tend to look for growth opportunities. I don't have a sense that they were insisting that we do that or that there were pressures coming from that side at all. I think it was just a natural evolution of building on what you bought. The industry was going through structural changes. Against this background in some cases we advanced, in some cases we lost significant position and eventually got out, but in general once in a new business we followed the industry trend and either grew or eventually lost out and shrunk.

After the acquisitions, we significantly expanded Weyerhaeuser horizons. It was our international era. We moved out on the international front, seeing growth rates in Europe and feeling that we had a significant opportunity to build a business on an international frame of reference. I think what I've learned after all these years in that is you'd better be prepared to do that with people who really know what they're doing in each of the countries you're in and I don't think we ever got ourselves to the point where we were prepared to find or build on good, strong management team for these international operations.

Edgerly

I have some pretty specific questions about the international expansion which I'd like to get to, though today may not be the day to do that. If you don't mind deferring that subject and approaching it as sort of a whole topic if we could.

Weyerhaeuser

No, we're off in another era anyway. We're downstream from the time period we started on.

Edgerly

I do want to think about it in topical terms, if we can do that, and your observations about the other businesses involved, namely milk carton, linerboard, boxmaking, certainly are part of what was happening in the organizational changes that I see.

Some of the things that came up for me in trying to look at this piece of time were things such as the fact that there was evidence of the organization looking at itself, a kind of self-analysis that went on. The stock was listing on the Stock Exchange in '63, so that took the company into a different position "vis-a-vis" the investing public. There was in that period also, in '65, I think, the first really large-scale loan at that time, which was \$50 million on a short-term.

Weyerhaeuser

First big borrowing.

Edgerly

Right. I guess what I'm trying to get a feel for is how these, and the things that you've mentioned, and the fact that the company announced in '65 or '66 that it was going to build a corporate headquarters building, fit together, how they influence one another, if in fact they did.

(END OF SIDE ONE)

Continuation of the interview recorded July 18, 1984, Tape VII, side two.

Edgerly

I am hoping you could help me understand what the network of influences was among those things. Or is it senseless to try to do that?

Weyerhaeuser

Not senseless. I'm just not sure I can do it. That's a memory problem. My recollections go to the forces behind the individual developments. When you talk about the corporate headquarters, it's a function of growth. There's no question that Norton was the primary mover in the initial stages of that. He personally got Lon Varnadore buying land out in the West Campus. Norton was very knowledgeable about, always has been, real estate. I'm not sure about the steps that we went through to prove to ourselves that we ought to move out of Tacoma, but I'm pretty sure that Norton had that in his mind initially. I

certainly supported it. I think we were constrained by the site and the conditions down there. We thought about building a headquarters in downtown Tacoma, did a couple of renderings and locations.

Edgerly

What were your reservations with regard to moving from Tacoma to Federal Way, if you had any?

Weyerhaeuser

It was people questions, dislocation. We, more or less seriously, asked ourselves the question, "Should we be in San Francisco or should we be in New York?" I say more or less because I can't remember a tremendous amount of analysis going into that, but I know the question was serious. We tried to think about where we were; we felt remote from financial centers. Maybe that had something to do with our awareness that the capital markets were going to become more important to us, a public company. Obviously, the land ownership and all was still fairly concentrated in the West, but we'd begun to move into the South. We were moving out geographically in terms of converting and U.S. marketing. So the horizons of the company, product and geography and everything, were growing. I think the fact that we had a lot of owners, a lot of customers, a lot of operations that weren't concentrated in the Northwest, raised the question. New York, obviously, and San Francisco were financial centers. And, to some degree, we considered marketing at the time. I suppose Kieckhefer broadened us out nationally. So we were a hell of a lot less provincial, less regional in outlook.

Edgerly

Well then the obvious question is why did you decide to stay here, whether it was Federal Way or Tacoma, but still geographically the same area?

Weyerhaeuser

I think when we got to looking at it, we probably convinced ourselves that it wasn't necessary to be physically located there in order to have reasonable relationships with the investment community. We did ask ourselves the question about what an eastern location might imply in terms of dislocation of people and loss of people. The transitional question was there, we decided that the benefits did not outweigh the risks and costs. I think it was a very sound decision, particularly when the growth was headed out in the Pacific. That didn't necessarily play a big part. We really were just getting started in a major way in the early '60s in the Pacific.

I sort of took over and got heavily involved with the architects and conceptual planning and all that. I wasn't very happy with what was coming out of the New York branch of Skidmore. I didn't like the looks of the West Campus in terms of the access or in terms of the probable long period [of development] and then no certainty that it was going to develop into a desirable set of surroundings. Our site was fine, but I was convinced myself that this location was a controlled environment that we could count on and West Campus wasn't. So I moved our planning to this particular location. But Norton had moved us to the point where the basic idea and initial plans were in place. In my mind it wasn't a question of whether, it was where and when. As I say, Joe Nolan and I, Norton, were all heavily involved in the process of planning for the initial move.

I started out by saying I can't take us back to the two or three years before when a combined set of strategies of growth, diversification, relocation, etc. were collectively being worked at the beginning of a new era. I'm not that sure about the sequencing of them and can't be very helpful about the decision-making process and how integrated it was. A characteristic of this company that strikes me, and which I still feel is prevalent and proper, is it's more a sum of the parts than it is a cohesive, central-nervous-system-driven entity. I think there are different circumstances, different people and different forces at work in each of these decisions. I don't think Howard Morgan would have given a hoot in hell whether we built on the West Campus or not. He had other things on his mind, not things that Norton was interested in because of his background, training and inclinations. I would say 50 percent to 75 percent were of minor interest to Howard and maybe me, too. Not so much true with Joe. They [Joe and Norton] were both from legal backgrounds and were administratively oriented and broad-brush kinds of people.

Edgerly

Let's take the listing on the Stock Exchange in '63 (?) (earlier under F.K.W.) as an instance and the loan, the \$50-million loan. Is there any way to connect those two moves? Is there any way to understand them in the context of each other, given the fact that there was a fairly short time period between them?

Weyerhaeuser

I don't know how to connect them, but I think that if there is a connection, it is size and scale, growth that's behind it. Regarding the listing on the Stock Exchange, by the time we'd gotten a little wider breadth of operations and of holdings in the company, we were

becoming bigger. I guess we were one of the three or four largest, nonlisted, privately held entities in the U.S. We were aware of that; we were growing. So it seemed logical that we take the next step and list. Liquidity of more valuable and large holdings certainly had a lot to do with that. The ease of ingress and egress in company stock ownership, was becoming of more significance as time went along. So I think we felt that having Weyerhaeuser Company be a listed stock would be a benefit to the shareholders and was a logical thing to do at that point in time.

Now the borrowing, I don't remember how much trauma there was associated with that. I'm sure there was some because F. K., to his grave, I think, would carry a conservative financial, born-out-of-the-Depression training. That advice got passed on to me regularly. In spite of the fact that we were borrowing money in significant quantities, he never lost his concern or point of view that there were a lot of negatives to that. I don't think it was an aversion for risk in the sense of unwillingness to do new things, but risk in the context of willingness to lose is different than risk in the context of significant amount of debt and leverage. He had an aversion for debt. I felt then and feel now differently about it. Both the size and liquidity of what we were changed and the risk and benefits associated with a significant amount of debt were different. The benefits of growth and the treatment of debt in the tax world are significant. But I didn't live all the way through the Depression, either, and I think that that made F. K. and others of his generation realize that there are some very severe penalties to having no options in regression or depression situations. They saw that in their personal lives, they saw it in their business associates, partners and other people, saw it in their immediate families. When we came to taking the company into debt, we did that against the backdrop of a much larger and more secure set of earnings and a strong sense of potential about what we were doing in terms of building the company or we wouldn't have done it. But I can't make the tie back to the listing directly except that maybe we felt we ought to do both. I'm not sure there is any direct connection.

Edgerly

All of these things made the company more visible, probably, than it had ever been. How do you think people felt about that? How did you feel about it? How did F. K. feel about it?

Weyerhaeuser

By that time I don't think we felt that there were many negatives associated with visibility. I think that the family, certainly, was and remains somewhat less than avidly interested in being in the spotlight. The company had reached the point where there wasn't much chance that you were going to be able to hide under a barrel. We had discussions among our various family members and we had various feelings among that group but Weyerhaeuser was obviously largely public and growing and it made sense to make it a fully public and fully visible entity. Among the directors, as I say, I don't think there was a lot of debate about it. I suppose they crossed a major barrier when they made the Kieckhefer transaction. That was a big move toward enlarging the stock base and diluting ownership. One consequence was that more people and more groups would have interest in a better reflection of value and liquidity.

I've never been the least bit reluctant personally. While I'd like to have personal and family privacy, broad understanding, recognition and involvement of Weyerhaeuser Company has overriding benefits for all. A fully public company hasn't been an issue as far as I'm concerned.

Edgerly

In other words, as long as you can separate yourself, or for family members, as long as they could separate themselves, it didn't make much difference?

Weyerhaeuser

Of course, the fact is, they can't. That's something they have to live with. It's not ideal. If you could avoid a public name and a public company, it would carry some advantages, no question in my mind, for the younger generation. But I don't think, by the time we got around to listing, that there was any way to turn that clock back. Probably wasn't any way to turn that clock back a hell of a long time before that. When Great-Grandfather got listed as the richest man in America, I guess we really got pretty hard to hide.

(DISCUSSION OF TIME)

Edgerly

I think it was a Management Bulletin that came out five days after you were elected to the presidency of the company that gave me an initial picture of some of the changes you perhaps had in mind, or had been thinking about. The Management Bulletin indicated that you would be keeping Howard Morgan where he was; that Ivan would be concentrating on the international operations area; Merrill Robison, he was already in the packaging area by then, but you moved him into a more senior position; and Lowry was, of course, in charge of wood products. Some of those people, certainly Lowry and Merrill (Howard, of course, was near the end of his career) were probably the beginning of a senior management team that you, over the years after, put together. Were you conscious at all of trying to put those people together in a particular way in those initial stages of taking on the job of CEO?

Weyerhaeuser

Yes. I had already established relationships with and confidence in those guys and I knew Howard wasn't going to be around too long. I had a lot of ideas from my previous experience, though it wasn't that big a transition in wood products. I'd been working in it and timberlands so I knew some of the things that ought to be done and had a pretty good idea about who I wanted to do it with. I didn't have some predetermined vision of the whole group or just how it was going to come together, but certainly I knew some changes I wanted to make and things I wanted to do. It was an uneasy period in a very real sense. It wasn't all sweetness and light. We weren't doing all that well. For instance, my relationship with Howard. I don't know how to characterize it. I would say that it went through stages. He was something of a mentor of mine in the early days. I always had a lot of respect, mutual, I think. But Howard was a tough man to communicate with. Hardboiled, coldblooded, if you just judged sometimes by the way he acted. He wasn't really - he did think about people. He was good in selecting and directing management. But he was murder on other people and did not generate universal warmth. So people were either afraid of him or a very mixed bag. Also, in a very big organization and with all these relationships which had been evolving and changing under Norton and with various entities that were pulled out from under Howard, lots of changes had been going on. I wasn't about to try to tell Howard how to run some parts of the business and it's certainly true that Norton wasn't in a position to either, although he carved some out. I can say in retrospect I'm not sure that was altogether wise.

As we got bigger and bigger and broadened the thing out, some of Howard's communications propensities made it difficult to run the larger organization. I had some concerns about morale and communication in different parts of the business. No question about either his ability or my relationship with him. It wasn't a power struggle. I can't remember the evolution with Merrill, but the relationship evolved to the point where it was clearly my responsibility and Howard was phasing out, so Merrill was my guy. Not that Howard didn't think well of him, too. Merrill kind of became a key guy and I worked well with him.

Of course I had worked with Lowry. He picked up the traces easily there. We had Jon Titcomb, who had all the experience in the world. Very good in a certain way - knew what he was trying to do and also with a lot of field contact. Jon Titcomb was a tough guy. Howard Morgan and Jon Titcomb had fiefdoms or at least their own spheres. They were part of the puzzle. I gathered around me, as we got larger, better communicators, broader organization men. I think that was needed and necessary. I inherited Ivan, Norton's man. Ivan was in way over his head, never had a chance. I wouldn't have put him there and to this day I don't think it did him any good. So it was a mixture of things. Some were coming along, younger men were coming on, and somewhere we just had to make some changes in responsibilities. I didn't have any feeling that I didn't have good, solid help and support when I started, but there were a lot of problems, a lot of things to do.

Edgerly

That hasn't really changed.

Weyerhaeuser

No. Maybe they're different when you're 39 years old. It still takes good people. It's interesting how some of the most hardboiled guys, appearance-wise, Howard and Jon Titcomb, were sound thinkers and tough managers and did a good job with people in a one-on-one sense. Howard made the most amazing misjudgments sometimes about people.

Edgerly

You mean with regard to character or capability?

Weyerhaeuser

I think both. He'd change his mind. I don't know how to make that consistent with what I said earlier. I know that over the long pull, he had good people and he gave them good direction. In other cases he was just blank. It was an interesting time. I enjoyed working with the team, though, most of them. John Aram, Nolan, good bunch.

Edgerly

This is the end of the interview recorded on Wednesday, July 18, 1984 with George Weyerhaeuser. The series of interviews will continue on the following tape. This is the end of side two.

This is an interview with George Weyerhaeuser, recorded on Tuesday, September 18, 1984. Tape VIII, side one.

Edgerly

I went back through my notes and the transcript for the last interview. We discussed the company's expansion into linerboard and the folding carton business and some of the early self-examination that the company had gone through in the early '60s to determine what some of its directions were going to be under Norton's leadership. We discussed the early reorganization of managers that you had effected when you became president, Howard Morgan's role. You talked a little bit about Howard Morgan's lack of, I guess what we would today term, people skills, interpersonal skills in regard to most people.

One of the questions I want to ask you to get a little bit of insight into how that early organization had worked is, what was Howard's basic feeling about Merrill's being named head of paperboard and packaging? Did they get along well? Were they good at communicating with each other? How did that division of responsibility work out?

Weyerhaeuser

I think Howard and Merrill got along fine. Merrill was one of the key young players in the evolution of the pulp division under Howard, coming out of engineering and construction management on the pulping side. Howard generally worked well with and communicated and directed those activities with a few key people, one of whom was Merrill. So I don't think it was a matter of Merrill's not having a good relationship with Howard. The problem, of course, was a matter of division of responsibility that centered on Howard not having complete authority and control on the whole spectrum of pulp paper and paperboard activities. He was really the builder, director of the whole thing until we got to the stage that the acquisitions and the expansions got large and Norton subdivided some of those responsibilities. Howard no longer was the sole strategist. I don't think Howard took it very well. Of course, interjected into the thing for the first time when we acquired Kieckhefer were directors that were involved and knowledgeable, who did not necessarily see eye-to-eye with Howard. I don't mean to say that there was any direct conflict as much as a division of views and a new business. So as we got farther and farther into converting, containerboard, boxes, and the fine paper business, I think it got farther and farther away from Howard. Norton divided the responsibilities and I don't think Howard ever really accepted either the advisability or the necessity of that. Howard had developed some very strong individuals and some strong loyalties.

There always had been and continued to be a turf question in his part of the business. It worked well as long as it worked within the framework of Howard carrying the main direction and responsibility. Howard worked rather closely and well under Charlie's general direction, and with Dad, but he was clearly the strategist and the line manager.

As time moved along, we began to split off some of these operations. It was not as clean and cohesive. I think the size and scale of things did not lend itself as well to Howard's personal direction as it had previously. So we had perfectly normal growth pains with division of responsibility that was not as manageable and coordinated as it had been previously.

Edgerly

Was your creation of the positions of senior vice presidents, which had not existed before 1969, an attempt to solve some of those difficulties of management division of responsibility?

Weyerhaeuser

Yes. Then I went through a series of them, of course, on the fiber side and in the handling of the Paper Division and its relationship with the Pulp Division. I eventually moved to a series of divisions lined up by product-line under Merrill's overall leadership. Earlier I was concerned about the direction of the shipping container business and our international activities and the Paper Division. I put Joe Brown in the Paper Division to try to give that some improved direction, which I think he did quite well. We had the need to pull those acquired companies in closer. Also during the '60s we embarked on a large scale of international expansion in shipping containers, which followed the linerboard into foreign markets and need better leadership in tying our containerboard with both domestic and international shipping container operations.

As we grew in the paper business and as the industry evolved, the economics of physical integration of pulp manufacturing on the site with paper became more and more the mode. The large users of pulp that were not physically integrated were no longer able to compete effectively in the U.S. We met that by integrating pulp and paper at Plymouth. Eventually these units that were using non-integrated baled pulp got less and less competitive and more and more specialized and we finally disposed of them and integrated ourselves, which we're still busy doing. The evolution was a sound one, but the management problems that came within this period of structural change in the industry

and competitive changes requiring changes in product mix and facilities, were difficult to manage from a distance. We really bought a fair amount of obsolescence at the same time we bought some know-how. As we rationalized those, we tended to pull the management closer together and emerged as a paper division pretty closely aligned within the fiber group but not as a major customer for Weyerhaeuser market pulp. In the rationalization stage they got organized increasingly independently, independently in the sense that the paper business had its own problems, its own customer base, its own marketing direction. It shifted toward Plymouth, which became an integrated mill management situation, as opposed to a lot of separate physical locations. All that was over a ten-year period. Howard led us into the fine paper in the initial stages at Plymouth. That was well done, successful.

As time went along, we had to cope with some of these nonintegrated, older locations. There were people problems in connection with that. There were many more physical locations, many more changes, people, retirement and facilities. It was a much larger management task than we previously faced. You can follow a similar kind of growth and evolution with different reasons in our shipping container and containerboard businesses. I guess what I'm describing is a span of control problem and a direction problem that multiplied during the '60s.

Edgerly

You mentioned earlier the international expansion that took place during the period beginning in the mid-'60s. If someone asked me to characterize in a very few words something that would describe Weyerhaeuser during that period, one of the words would be "expansionistic," I guess. One of those early expansions took place at Kamloops in Canada in 1964, in a business that Weyerhaeuser probably was familiar with, or at least traditionally more familiar with. Can you describe for me how that connection with Canada originated or how the decision to go into Canada was made?

Weyerhaeuser

Not really. I can tell you some of the things that were going on. I don't know that I can put dates on them very well. I can't. In Weyerhaeuser the pulp business, as a part of this evolution in the United States toward larger scale, physically integrated pulp and paper operations, resulted in a much higher proportion of the pulp that was going into commodity paper products, being produced at the location where the fine paper was produced. Traditionally, Weyerhaeuser had been a pulp producer and we marketed into

the Midwest and East our domestic pulp to people who were increasingly specializing, as in the case of Fitchburg Paper Co. So we became tied to specialty producers who had a smaller and smaller position in the overall pulp and paper flows. The intermediate-sized pulp and paper units in the U.S. were getting less and less economic. These were people who were taking market pulp and converting it into paper. Then they were trying to compete in the bulk paper grades with integrated producers. And they were losing. So our traditional pulp customer base in the United States was, in a sense, eroding as the industry structure changed. Somewhere in that time period, that forced us to find other outlets for our pulp. Pulp historically had been an international commodity. It had been moving in international trade in history into the United States, not out of. The Scandinavians shipped in here and competed initially with us and others in supplying pulp into the U.S. As that change took place, the industry grew. The European industry was largely nonintegrated, not only not physically integrated but not ownership integrated with European papermakers. They were importing from Scandinavia. The battleground tended to shift toward Europe where market pulp was consumed in large quantities. So we became significant in the export of pulp and are still exporting 50 percent of our pulp market. And in connection with that, we became suppliers to some of the principal European companies' papermakers in Belgium - in the Low Countries, in Germany, Italy and, to some degree, in France, although France tended to be and still tends to be protectionist.

We were in contact with, and servicing pulp requirements for, some of the European papermakers. I mean particularly people like Feldmuhle of Germany. We affiliated with them in different ways. We then were aware, working with our European customers, that they were interested in longer-term pulp supplies. They were looking to North America for sources of pulp. Feldmuhle was interested, and we were, in working with us on the possibility of joint venturing to build a pulp mill. They wound up joint venturing in a couple of mills in British Columbia. Although we never put a joint venture together in that field with them, we did get interested in expanding our pulp business aimed at export markets.

British Columbia became the place where there was significant amount of residual wood and roundwood underutilized and cheaper than anywhere else in the world. So we began to think, as I said, about joint venturing up there, attracted by the low cost and available wood supplies and the European need for more market pulp.

Kamloops specifically came as an opportunity with a bunch of sawmills working together. They had the residuals and they were interested in finding a market for those residuals and they lined up some engineering. Typically, when you get a bunch of sawmillers thinking about the pulp business they have more ambition than capital. I don't know what their sawmills cost but only a small fraction of the capital needed in pulp. There were at least three major partners and \$20 million was big capital to those people. They got an engineering firm and they got a design and all that. They were pretty far along and ready to go but undercapitalized.

We joined with that group and I know Merrill was involved, I think Howard was involved with that. I've forgotten. Certainly Howard was involved in the earlier stages of planning and with Feldmuhle, etc. Howard also involved us with a Belgian papermaker - Intermill's Oswald Steisel, which was one of a consortium of papermakers in Belgium and an importer of pulp. So we were selling them pulp and through that connection we started a joint venture box plant, which we built in Belgium, then later built another and acquired another. So we started with the idea that we were going to have, in that case, a European partner, who was a customer we had on the pulp and fine paper side and we were interested in getting European ownership and management so that we had local contact and content in the box business. The internationalization, if you will, toward Europe, toward Canada, both evolved from Howard's contacts and our position as a marketer of pulp and linerboard who was interested in expanding on that base.

I think we were opportunistic in the case of Kamloops. It was something we had been thinking about and the vehicle came along and we eventually bought them all out and expanded the mill. At the next stage partners clearly didn't have the capital and all, and we didn't want to leverage the whole thing. So we managed to run it as a small mill for awhile with them; it was successful. Then we upgraded it to a 1200-ton mill. We bought them out one at a time and eventually wound up with the whole thing.

Edgerly

The reason I refer to it as a little more (less?) traditional is because it was not an integrated situation in terms of Weyerhaeuser's complete ownership initially.

Weyerhaeuser

Yes. The same thing in Belgium. We didn't usually do joint venture, but neither had we done business outside the United States. I think we started with a market orientation, which is not always Weyerhaeuser's driving force, but we also had a British Columbia view and we had been interested. I looked at a lot of properties up there for timber, to buy timber or get timber licenses. We were not used to licensing timber. I'm not sure we're used to it yet. We satisfied ourselves that the business conditions were sufficiently stable and the quota arrangements sufficiently stable that in fact you could go into business up there. And we, of course, in the Kamloops situation joined Canadians, so it wasn't an American company initially buying out quotas. There were a lot of American companies, of course, that did just exactly that in the interior.

Edgerly

Do you think you would have had more trouble going into business there had there not been that Canadian base to begin with? Would the provincial government have made it more difficult for you to do that?

Weyerhaeuser

Yes. Except that, through their policies of pulpwood harvesting licenses, they were trying to encourage the pulp and paper industry up there. We could have gone up there anyway. They were allowing buying and selling of quotas. It was controversial, however. Theoretically they weren't supposed to be bought and sold. It was part of a rationalization process of hundreds of sawmills and planing mills out in the bush. They started out with literally thousands of little tiny operations which evolved into sawmill/planing mill combinations, larger, more capital. The way to expand was to get quotas from the previous owners, amalgamate the wood, build or modernize a mill with a big enough quota to make some sense. The whole industry evolved that way. I think British Columbia under Ray Williston's leadership in forestry did a very intelligent job of rationalizing, in historical terms, "peckerwood operations" into reasonable scale sawmills. It's still going on, of course.

Of course, on the coast there was significant ownership of fee timber, and bigger, older, established tree farm licenses. MacMillan-Bloedel and the larger operators, Crown and others were very much more involved in British Columbia. They had British Columbia subsidiaries or they were British Columbia companies, Canadian companies, albeit with a fair amount of U.S. stockholding and ownership. On the coast it was much more a matter

of buying established positions with a lot more facilities and structure, whereas the interior was still very much wide open country, evolving. The interior turned out to be the right place for us to be, although we did from time to time and still do look at the coastal operations having possibilities. The pulp and paper companies typically were on the coast, of course, and much more export oriented, much larger entities.

We really went, in a sense, where the growth was going and where the stage of development was not nearly as advanced.

Edgerly

Would you consider the Kamloops investment then a relatively low-risk situation for the company at that point?

Weyerhaeuser

Yes. I think it was, but with a fair degree of political risk. Let's say it was a much less radical as opposed to acquisition of a major company or joint venture with a major company up there. In several cases, as I say, we thought about how to get there with a joint venture with the Germans or some combination. Interestingly enough, most of the growth in British Columbia did take place that way with some combination of ownership. The Prince George mills and the coastal mills that built farther north, pushed the frontier out, so to speak, in B.C. with largely foreign or joint ventured capital. The politically sensitive part of it was more as you got into sawmill quotas with small Canadian sawmills. More employment, politics, than in the pulp mills. With respect to new pulp mills, B.C. said, "We have all this timber up here and we'll grant pulpwood reservations and we'll overlay them over all the existing quotas and say that you have the right to cut so much small wood if you need it." But the primary basis of supply was sawmill residuals from a growing sawmill industry to which pulp mills were given a first refusal right. That was consistent with what we were thinking. We never really felt that going out and logging timber to make pulp out of it was the primary way to go. I should except the first sulphite mills, which certainly did utilize in a noncompetitive way because hemlock was not considered to be a prime sawtimber. With that exception, as the business grew and we got into kraft, it was residual-based. The pulp industry in the West has typically grown very heavily, 80 percent or so on residuals, as opposed to harvesting timber. So pulping in B.C. was a logical adjunct to what was going on in terms of the development of sawmills and sawmill residuals. It used to be the residuals wound up in a pile and either they had a burner or it was a big burned pile. That waste was all

waste. As they got larger and got amalgamated in sawmill/planing mill centers, then those waste streams were accessible. You didn't have to transport a lot of sawdust and slabs and everything out of the woods. The B.C. policy then said if you'll build a pulp mill you have, in fact, a first right of refusal on the residuals as well as an insurance policy on the timber if you need it. Pulpwood harvesting only, which would presumably put you into small diameter timber and you would be assured of a raw material supply without owning it.

Edgerly

So with Kamloops as a background, how would you look, for example, at some of the investments made in Latin America, some of the European and Caribbean investments which the company made? They, at least to a novice like me, appear to be much more risky and create more of a management problem.

Weyerhaeuser

They do. But they're smaller scale, of course. Even that first pulp mill at \$20 million was a big scale. When we went to Venezuela, for instance, we were dealing with a major pulp customer, a major board customer, Venepal, or in the case of bleached board, Convepal, where we were dealing with a strong management group in Venezuela which was in the pulp and paper business. We were not getting involved in the politics or the management of the resource base. We basically were aligning with a customer. We owned 16 percent of Venepal. We sold them pulp and they managed it. They were very much in the political structure. We were in a sense integrating forward with foreign ownership. So we chose to go the joint venture route or the stockholding route with the exception of the shipping container plants. That's a whole different story because there, typically, we were dealing with smaller operators and we generally bought them out. We inherited the management problems, and they were manifold. In a shipping container business in France, for instance, you face a consortium with elements of a cartel where the large players, and/or the government, control prices, control wages, control market share. You were buying an established position and managing within that framework. We brought the know-how to make boxes into that, machinery know-how, and capital. We improved those plants, and we built some, but still within the framework of a market structure which is European in nature. This doesn't describe Germany so much, and we weren't in Germany, but it does Belgium. In other words, to sell boxes in France, Belgium, Italy, you had to be part of the club over there.

So we were in effect establishing converting, thinking we could make a living in converting and, to the degree that those converting operations needed imported board, we could supply it. They bought various, but large, proportions of their board domestically and all their corrugating medium. In France, we made a fair amount of board for our own operations by gathering waste paper and manufacturing it on a couple machines out of waste. We didn't get involved in forests, but some of the big players in France, of course, were integrated and had much more say-so in the industry structure and played a much larger role in terms of industry moves and market rationalization, etc.

We were interested in supplying what we perceived to be a need for imported materials. We decided the best way to do that was to get out in front of the trend, which had already occurred in the United States toward integration forward to the box plant. In the U.S. it occurred by acquisition, ownership, building. Kieckhefer had established a national position which we purchased and still hold in all the major markets. In Belgium, France and Italy we bought out and then built, but primarily we bought out, smaller entities with lesser capital involved in these things, and then managed a small scale enterprise, pretty much the way they'd been managed with our input of know-how on machinery tied in.

END OF SIDE ONE

Edgerly

How did you feel about going into a situation in which the economy is somewhat more planned, in which there is less latitude for creative business activity?

Weyerhaeuser

I think in a sense you could say we were in an expansionary mode or mood and felt that we were in a strong position with respect to the international supply of these materials. We thought we knew what we were doing in the marketing and supply side of that. We thought we knew something about how to make boxes. We had good know-how in the United States which was transferable. What you tend to overlook is that, in a sense, knowledge of the local territory plays a fairly important element in success. I think we underestimated that, by hindsight. We should have had much stronger emphasis on local management and know-how and participation in their local industry affairs. We got so that in Belgium, for instance, we were up to 33 percent of the market or something like that. There were only four players or whatever and they tended to carve up the market,

set prices, or tried to, let's put it that way. They're not completely in control of their own destiny by any matter of means. We did not fully understand to what degree that puts you in a straightjacket or that you needed not only the know-how that we brought, but a good deal more.

I draw the contrast with Venezuela where we were clearly owners but not managers. Our partners down there were very much in the know and very much in the power structure. All that still gets managed within whatever the political/economic framework is in those countries and you can't get very far outside of that framework. In many cases, our ability to improve the operations on a technical production basis made major improvements, but they also involved the buildup of capital. In competitive periods or periods when prices were strictly controlled in France by the government, that did not really allow good returns on the overall investment. I think finally you get to the point of view that when you're only supplying ten percent of the board or something like that into an operation, it's insufficient reason to be there if in fact the operation itself can't earn a good return. That's not to say nobody did, but there were difficulties in that. These were not periods of shortages and on balance there was an adequate supply of board. Each one of these operations in Europe, at various periods of time, did quite well, but on balance and over time, we finally arrived at the conclusion that it wasn't strategically important and not all that promising.

Partly, our competitive position in terms of exports was changing over a long period of time. We were selling board in Europe, in Germany, competitively and in quantity and in competition with Scandinavians and other Americans. We could continue to do so and did continue to do so, whether or not we owned any converting facilities. We thought a lot about going into Germany where the competition was much, much more wide open. There were modern facilities, larger scale, bigger users of board, generally a lower priced market that was not as controlled, but we never made that move. We never bought into a plant.

Edgerly

Was that not because of the lack of trying, but just not finding the right opportunity?

Weyerhaeuser

Partly that and the market. We never really were convinced we had a logical way where we could make a good shot. It was pretty tough, very competitive, much more modern. In many ways, it would have been better to be fully engaged in that battle, probably. But we couldn't convince ourselves that the investment and the effort involved was necessary or advisable. We chose, rather, to compete for the board orders of vigorous German competitors. We sold board. In France, you really couldn't do that. We thought we had to be a part of the action in order to be able to get board in there. That was not strictly true, because Scandinavians managed, one way or another, to sell board in there to French enterprises. The whole industry kind of went the same way. There was Container Corp. and Union Camp was in there competing with French companies and other foreign companies. We went through an era there where everybody was integrating forward and then we and others took a look at the results and said, "I don't know whether this is either necessary or warranted." It generally has been rationalizing the other way in the last 15 years or so.

Edgerly

To what degree would you say the decision to move out of Europe was affected by the development of markets in the Far East? Was the promise of that developing market in the Pacific Basin also an element?

Weyerhaeuser

I don't know that I'd limit it to the Pacific Basin. I think the Caribbean played a role, the reason being that the large users of shipping containers, volume users, in many cases tended to be concentrated in the agricultural products. Big volumes and high-speed machinery and high-grade linerboard fit that pattern better than it fit the European smaller scale industrial packaging. We tended to move, even within Europe, to southern Europe, Italy, Spain, Greece, Canary Islands, those areas, because they were big packagers of bananas and oranges. Whereas northern Europe was much more a multifaceted industrial packaging set of markets. Those kinds of packages could be made out of a lot of various different materials, including straw, going into medium and recycled waste was used more and more. There were five or six different levels of quality, all of which were cheaper, generally underpriced, and less rigorous in terms of their specifications, than virgin kraft linerboard. Further than that, we were not disadvantaged in the southern tier against the Scandinavian linerboard on a freight basis. They treated southern Europe and the Mediterranean as an in-and-out market,

much more than they did northern Europe. Because of competition, because of the quality of the board and the skill of the operations and the usages, we tended to move into Spain, thinking that the growth was going to be much, much higher. It turned out to be higher. In oranges and bananas I think we were relatively more successful. The same thing happened, of course, with banana boxes that were the big, international commodity users of linerboard. United Fruit, Standard Fruit, Dole were the buyers. So we moved out toward those areas, supplying the people who were in the banana business. We entered into contracts with them, and we helped them design plants. That's sort of what we were doing in working toward the big volume European trade and essentially the same elsewhere.

We have followed the high growth outside the United States in consumption of high-grade linerboard and moved out of the smaller industrial markets within the European market.

The evolution was toward those areas that used a higher percentage of high-quality board and who could afford to pay the U.S. price and needed a better board and where there was no indigenous supply. That does not fit the description of France and Belgium where there's a lot more local production from local waste.

Let me go a step further. You asked about Southeast Asia. I think yes, the growth rate. I guess my answer should have been yes, that's right, the growth trended that way and then the quality led us that way also. Of course, we do export off the west coast, so we were in a relatively more advantageous freight position, too, with freight and service looking toward the West. There were a whole series of things: rate of growth, quality and then the European way of doing business, in a sense, was an inhibitor, which we didn't solve by having Americans try to run things. I don't mean the plants were manned by foreigners; they weren't extensively. We didn't have a lot of Americans in these operations. We still had to guide them to varying degrees, couldn't turn them loose entirely on their own. Excuse me, you were going to go on to something else.

Edgerly

No, I'm glad you interrupted. That's a good way to synthesize your answer to the question. I was curious to what degree the markets in the Far East had changed the orientation or might have influenced the change. It's clear that there were some other things that intervened as well, in an equally powerful way.

Weyerhaeuser

Yes, because the markets didn't disappear in Europe. We're still shipping board into Europe. It certainly is less volume, less important to us and we are now, as the dollar gets stronger and stronger, less competitive in Europe. Asia is growing and the U.S. is growing, so we're on the shift back. But in these product lines, back in history, the first series of events that sort of started them was the geographic and integration changes in the United States, which led us offshore. Our offshore position, then, developed relationships where we went further than just exporting. Then those positions have changed. We no longer found them to be strategically critical and then when you begin to examine them on a strictly monetary basis, not strategic, we don't belong there. You don't belong there unless you're in a sector that is growth or offers high returns or reasonable returns. That isn't the situation where you get into low growth and carved-up markets and in a sense, a static condition. That isn't to say there isn't any growth; it's just that a long-distance exporter is at the end of the service line and the end of the competitive line. If it's something that's needed, that's growing and reaching the far corners of the earth and you have a strong business relationship there, it probably makes good sense. These international commodities do change in their relative competitiveness and the structure of these markets changes and we're changing with them.

Edgerly

What initiated the connection with Barlow in South Africa?

Weyerhaeuser

I can't do it. They were very fine people. We got to know them, and I don't know whether that was through Howard Morgan or Ivan Wood. I don't think we were selling much there. I saw a good strong economy growing down there. The box business looked good, it was rationalizing. We went in 50-50 with them; they were partners in a lot of other enterprises and a very successful company. We knew something about how to make boxes. We got together with them. We could generate business and we had the know-how. I think it was sound, well done. I left South Africa quite reluctantly, in terms of the business relationship and also of the success of the joint enterprise. That was an isolated market, in a cold market sense, not very many players. There was only one other, one or maybe two, board suppliers in South Africa, so we saw opportunity to import some board in there. We never had any managers there. We may have had one or two people there on exchange working with them. They were first-class people and good management. Basically we felt we had good sound business partners and a good climate

where the box business would grow and generate some imports. It's a long, long way away freightwise. They were importing some board in there, but the box business itself and the economy was sound and grew. We sold our interest back to our partners who are now the largest South African company. They're in gold mining and everything else. We left primarily on the basis that we felt over the long pull we didn't bring enough to the situation because the imported board was not all that important. They could continue to run and expand the business. We thought, from time to time, about going in to board manufacture and forestry. There were some very good forestry results in South Africa where we would grow trees to make pulp and paper and lumber and integrate back toward the forest there. It could have been logical to take a position in a South African paper company or build our own. We did not feel comfortable enough with the situation to put major, long-term capital in South Africa because of the political, racial risk involved there. It's quite a different scale and time commitment to build primary mill capacity. We could have stayed there as a box maker, but we felt the next logical step was much larger and involved longer-term capital and we did not choose to take that step. So we decided we'd better let our partners do what needed to be done.

Edgerly

To what degree do you think the concern of shareholders of Weyerhaeuser with regard to the political situation and the institutionalized apartheid affected Weyerhaeuser's position and decisions relative to Barlow Weyerhaeuser?

Weyerhaeuser

First of all, I guess, we felt we were dealing with one of the most progressive, best-managed management groups in South Africa. I differentiate between that and a lot of companies in South Africa that would have made us both party to and concerned about the social/political situation down there. We were comfortable with our position and our partners and what we were doing down there in terms of employment, training and pay. We could rely on our partners being at the front and not at the rear in terms of change. They were the English progressive kind of management there. That doesn't mean that they controlled the government. The Dutch South African element was in control and reactionary. They are the problem. I would say that that whole racial situation and the government situation with the Dutch in control certainly had a significant amount to do with our decision to leave, or decision not to put long-term capital in there. The risk of really reactionary, repressive government combined with the racial balances there raised the overall risk profile to the point that we didn't want to be party to it.

That's quite a different statement than to say that we were sufficiently under pressure from our shareholders or American public opinion, or felt sufficiently defensive about our being in South Africa to warrant leaving. I don't know that we would have made the decision to leave just on the merits from whatever those pressures were, at the scale we were engaged in business and with the partners we were with. But if you raise the scale of risk irrespective of the partners or change the partners and the raise of scale... I was convinced and all the people that were involved in the company, I believe, were convinced that we were not on the defensive in terms of our own practices, our own partners, or the role they or we were playing as a part of building plants and generating employment. To the degree that we could, within the legal framework there, we were attempting to do the training, education, equal pay for equal work, etc. I don't want to overstate it because it was an evolutionary matter, not revolutionary. Certainly that situation was not well understood in this country. Differentiating what you were doing from what the political and legal realities were down there is difficult. Why go through it? Why expose yourself to that kind of criticism, even if you feel it's unfounded? That certainly had something to do with our degree of disease or discomfort with expansion and long-term involvement. I'd have to say that as far as I was concerned, the amount of pressure and the kinds of people we ran into from the church groups were unbelievable in this country. My own reaction would have been to say, "To hell with them." There wasn't anything they were going to take in the way of progress reports or anything else. They were on a cause and don't confuse them with the facts. Very unsavory behavior, as far as I was concerned. We made genuine efforts to ascertain on our own what our businesses were doing down there. It wasn't just a matter of partners giving a blanket approval. It wasn't as though they weren't concerned. Whether there are going to be enough people like them and others to change that situation, I don't know. Obviously, they're much bigger. I haven't talked to them for several years. They were mildly optimistic about being able to make change. But they're in the minority, maybe 30 percent of the voting population. They're making noises about getting mixed races into the Parliament this week, I guess, for the first time. What does that mean? They're still a minority. The English are a minority and the mixed races are a minority much smaller than that and the blacks are nothing and I don't think there's anybody that...

Edgerly

The voter turnout for the mixed races was very poor.

Weyerhaeuser

I don't think they have any solution. I don't know what the merits are concerning geographic segregation. I think there might be considerable argument for having the black homelands and political units, etc. physically separated. It's not all that illogical. Self-government, if you will. That doesn't answer the interracial interchange within the main cities and all that. How do you handle that? How do you get some evolution in terms of education, training, employment so that 100 years from now or 50 or 20 or something, there is a reality in terms of equal opportunity and a chance for evolution in terms of economic status and educational status. I'd like to see, somehow or other, that come about. I don't know that we've solved the problem so well, and theirs is ten times ours. How do you bring about change? I don't know how to answer the bottom line question.

Edgerly

I think you've answered it.

Weyerhaeuser

What is your sense of social responsibility? If I were the largest company in South Africa, Barlow Rand itself, we'd have a very heavy, heavy burden because they have a lot of capability, a lot of good people. What kind of a force can they be in that situation? As a half-owner of four box shops, those kinds of large and weighty questions didn't play much of a role, either going in or going out. We didn't go there because we thought we were going to take advantage of the racial situation; we didn't leave because we thought we were taking advantage of it.

Edgerly

That answers the question. In terms of other areas of international expansion, of course, one of the obvious ones that we haven't talked much about is Southeast Asia. I didn't develop many questions about it because of the fact that we have the oral history on Southeast Asia and you were interviewed for that. However, I would like to get a little bit of your sense of the overall perspective with regard to Southeast Asia, primarily because the decision to take the company out of Indonesia was made after that oral history series was completed. And now, with a few years between that decision and the present, I thought maybe your perspective on it could be useful, both in terms of what the company learned, what some of the overall patterns of decision-making were, how you view the problems from this position today. Do you have any thoughts on that you feel you would like to express?

Weyerhaeuser

I suppose the fundamental issue in developing countries in a resource base enterprise is, to what degree one is aiming at short-term versus longer-term business and base-building versus opportunistic activity. The timber industry differs in a major degree from an agricultural one, which produces an annual crop and allows investments that can be productive without addressing the 20-year, 30-year, 40-year time frames. When you talk about business conducted around the world, let's say, in a capital-short world where time is critical, where compound interest is an important consideration, where capital is scarce and expensive, particularly for capital intensive kinds of businesses, time is the essence of the thing.

You take a company like ours and you say, "What is it we do well and what is it that we like to do?" You would like to build a long-term base which is productive rather than temporal and extractive. All of the forces seem to be against that in that most governments aren't around for extended lengths of time. Their priorities are taking care of short-term needs, whether that be food or energy or jobs, none of which are represented by growing forests.

END OF TAPE VIII; The interview continues on Tape IX.

Tape IX, side one.

Edgerly

Tell me about Daniel Ludwig's Amazon venture.

Weyerhaeuser

He [Ludwig] has a pulp mill and six or seven hundred million dollars invested. We were thinking about going into plywood and lumber, but in order to do that... The trees are 12 or 14 years old now and you'd swear they were 60-year-old trees. They're gigantic, but they're very poor form. He didn't prune them. He should have pruned them more or less continuously if you were going to make veneer or plywood out of them. But he didn't make that investment, so the trees are largely pulpwood. That's going into the pulp mill now and they are replanting it now. He's out of it. The government came in. Antunes (Augusto Trajano de Azevedo Antunes) came in and a group of Brazilians bought the whole thing with a \$30 million of equity infusion. The government holds a lot of the debt plus guarantees and probably isn't getting any interest on it. So, he's out essentially.

But his dream... He had a big cattle operation with a new genetic strain. He had a big sugar operation. He had a clay mine and processing unit and he built a railroad out into the timber. All this time, of course, money's going in like mad; that's all right, but once you've got it up... He had 6,000 people there living around the area. He was trying to be self-sufficient in food. It was just the remoteness, the scale, the world markets didn't develop and he didn't get the wood products in shape. What always attracted me and others too was fee land, stable government, large scale enterprise, export-oriented, you could do all the things that you knew how to do. It still takes people and in remote areas, you have to provide all of the infrastructure, police, civil government, everything. It brought with it finally too much extra load.

Ludwig doesn't like the U.S. as a place to do business - the government interference. He thought he'd found paradise in terms of a place in which to develop resources. Conceptually, it was a terrific idea and he had the means to do it. Wonderful guy. He did most everything himself. Ludwig was not an organization man, so he didn't build up the staff. It just makes you cry to see the result. It's a disaster in terms of economics. He didn't care short term. He did care that it make sense eventually. Eventually. But in the process he probably plowed six or seven hundred million dollars into it and by the time you paid interest on it... He came out of it with little or nothing.

Edgerly

There was evidence in the files that connections, however, between Weyerhaeuser and Ludwig continued for some time.

Weyerhaeuser

I think Bill Franklin's one of his friends, still. I like to think maybe I am. Right up to the time the government pulled the trigger on him, and even then, we thought, "Well, is there a way we can get in there?" What happened was the Brazilian government turned to Antunes, with whom we were also working on a partnership project raising shrimp. He also was interested in Amapá. Antunes had a manganese line and shipping operation and a whole town. Amapá is a grassland, more flat country. He's raising palm plantations, pine plantations. They've created a tremendous base. We'd like to get in on growing those trees and being able to go the next step, putting in the converting. He had more of a center there of people and better access, right close to the mouth of the Amazon, right across from Belem and much more civilized, so he had a better shot at it. So he's got Amapá there and he continues to buy land and develop plantations and it's very impressive. I don't know whether he will be able to go the next step without getting into difficulty. I think he will. I think they're well managed, well run.

I went down to that mill at Jari; I walked into the pulp mill in Brazil and a guy came up, looked me in the eye and said, "How the hell are you, George?" It was a guy I worked with in the bleach plant at the Longview kraft mill in 1949. I was a shift foreman and he was a bleacherman. He's been the pulp mill superintendent at Jari. I just happened to think of it. We've consulted with them on the forestry side of it, mainly, and tried to help. You wouldn't believe it. The pulp mill works. It's down there; they floated it in and sank it on a permanent set of pilings, the only one in the world.

At Antunes' plantation now they've got palm oil and palm oil processing facilities. They have an agricultural enterprise going, they have a mine going, which he's phasing down. Eventually I think they'll put in wood conversion and pulp and paper at Amapá. As I said, here's a number one Brazilian industrialist. He's not a foreigner. He's got good people; they know what they're doing. Yes. He has an organization. He's in partnership with Bethlehem in the manganese mining and processing. I don't mean they own half of him, but they have a joint venture. So they have an industrial enterprise and infrastructure that will survive. He's very well connected, obviously, in the Brazilian government. Brazil may elect a wildman as president. His name is Maluf (Paulo Salim Maluf). He's a

friend of mine. He's kind of a little Napoleon. I don't know whether he's going to get elected or not. I see that it's a January election. He's Lebanese and a wheeler-dealer if you ever saw one. The generals, I guess, decided, for whatever reason, to go with him. He's the government candidate. I guess the opponent has also been head of one of the state governments and also was prime minister of Brazil. We asked, when we were down there, "What about Paulo Maluf?" Because I refused to believe that it was serious. I know what he wanted to do, but he was head of the Sao Paulo government, which is kind of an independent kingdom itself. People would say, "Yes, he's serious" and then they'd kind of snicker a little bit. I'm sure he'll be wheeling and dealing every way he knows how. I guess I have trouble seeing it. I thought Brazil was farther along than that. I know they aren't democratic, but I thought at least they'd select some...I don't think he's plausible, I really don't. But who's to say? Brazil has lots of problems. The thing I like about Brazil is they have enough reasonably educated people, a reasonably honest civil structure that, even though it's militarily controlled, but they have something to phase over to. I think it has the possibility of evolving. I really hope Paulo doesn't become the next president.

I guess I have to go talk to Mr. Howe.

Edgerly

Unfortunately. I didn't realize until I noticed your watch a few moments ago that we had gone so much over. I'm sorry.

The end of the interview with Mr. Weyerhaeuser recorded on Tuesday, September 18, 1984. This tape continues with an interview recorded on Wednesday, September 19, 1984.

(INCIDENTAL COMMENTS ON ELECTION RESULTS)

Edgerly

I want to talk a little more today about the joint venture concept, perhaps looking at the agreement with Mitsui and Jujo for the construction and operation of NORPAC. I guess, first of all I need the story behind that, which we don't have a lot of information about in the Archives yet. Secondly, I wondered how it would compare, given the fact the agreement was signed in 1973, with some of the earlier joint venture arrangements that had been made.

Weyerhaeuser

I don't know how to get at the latter, but let's just talk a little bit about it.

Edgerly

Can you recall for me how that project got a start? Who gave it a boost?

Weyerhaeuser

That has a long development path and the history goes clear back with Howard Morgan and me. It all has to do with our entry into the newsprint business. The business has certain characteristics that attracted us to it and certain characteristics that kept us out of it. We looked at going into newsprint in the South, thinking about establishing a marketing base with principal newspapers. It's kind of a closed business, a limited number of major users and big players on both sides working in a contract environment, rather than a spot market. We were reluctant to try to crack into that game, because it's hard to establish a base. A lot of the newspapers owned interest in newsprint manufacturers, so the industry was not only characterized by big players but a lot of stability and various types of relationships between buyers and sellers, different than any other paper product, or pulp and paper product. We studied different sites in the South, we had one or two people that were very familiar with newsprint markets contact publishers and try to structure a degree of interest in signing contracts for a new entry in the Southeast. You don't go into the newsprint market, cut the price \$15 and hope to move everybody over. I think we made two or three passes at publishers over a fairly long period of time, but without enough success to warrant going further.

The West Coast had been dominated by a few players, mainly Canadian, for a long time, with a poor reputation generally in terms of their arbitrariness and capriciousness as viewed by the newspapers. Pricing moves were dominated by Canadians like McMillan Bloedel and Crown Zellerbach. There was a kind of a semi-closed shop here on the West Coast. I don't remember exactly when I accelerated my interest. It was a period in which we and MacMillan were thinking about using recycled waste. We were interested in deinking news waste way back in history and knew the first people in it, and considered acquiring them. They were engaged in the recycle deinking of used newsprint, Garden State Paper Company. I remember calling on them and talking to them about what they were doing and trying to see whether we could enter that way. We didn't. I can't remember exactly why; it probably had something to do with price. I can't remember,

but we did look at it. We spent some time looking at modern machines in Scandinavia. I'm talking about over a 20-year period.

I suppose the diversification, if that's the way to describe it, was driven by "What do you need?" Obviously, you need wood, power and capital. There is a great price and market stability for a commodity with limited numbers of suppliers and buyers. We felt we could certainly, from both a resource point of view and management point of view, enter the field and do it successfully. We didn't see any particular inhibitors in that, except in the market situation. We were trying to find solutions for market entry, really.

This is a long prelude to get you into the international aspects, but the story is how we got into newsprint, not how we got into Japan, really. The Japanese came into a West Coast market dominated by a few players on both sides. One way to ensure a safety factor in market entry was to get an assured volume, and one way to get an assured volume, we felt, was to get outside of that West Coast framework and have an export market which would take a significant volume out of an initial mill. We began also to think in terms of Europe and we did look at various possibilities in terms of exporting to Europe. There was quite a bit of expansion going on, MacMillan and others, Feldmuhle and others in eastern Canada. They had, obviously, lower freight and low hydroelectric power costs. Europe did not look to be a big import market and we weren't as competitive there.

The Japanese market structure was dominated by three producers and three newspapers. Several of the Japanese companies appeared to be interested in coming this way and felt limited in terms of their ability to expand with the market in Japan, from production in Japan. Oji studied it for many years and finally entered after us with IP in a mill in Canada, I believe. Japan was even more of a closed market, of course, with the various newspapers very tightly tied to principal Japanese newsprint producers. They had a controlled contract structure. They had, and have, a very complicated discount structure in the pricing. The last guys in, whether or not they're Japanese, the last machines, have to come in against, in effect, a grandfather base structure of supply that gave both volume preference and price preference to the old mills. So in a sense there's a discount and a hurdle to get over as Japanese incremental capacity came on. As new capacity came on it received a significantly lower price. I'm not talking just about tonnage, I'm talking about the structure within which the newsprint goes to market, then and now. Now that's not prevalent anywhere else that I know of in the world, but that is

the way there. The Japanese system is both, according to good Japanese custom, controlled and it employs a pricing structure which makes it very difficult for a new entry. It makes new capacity less interesting for a Japanese producer and almost impossible for a foreign entrant.

That's a long-winded way of saying there's no way to get there; you can't come at them, you have to go with them. It was obvious it had to be Jujo or Oji. Daishowa (Paper Manufacturing) was in there, but as a minor, and there are several other smaller ones. If we were going to go, we were going to go with one of the principals. So the question became, how do you interest them in an external supply, which was without precedent. They had to be convinced that importing was the best possible way for them to go, number one. Secondly, they had to convince the government that importing was the best possible way for them. They had to convince the newspapers that the quality and the surety of supply was above doubt or question; obviously they don't want to depend on an overseas source that had a significant degree of uncertainty in it. To run a 13-million-copy newspaper operation on that from afar is not something that they wanted to do.

So we were searching for a way into that market to give us a counterfoil to whatever pressures we faced as a new entry in the West Coast. We didn't want all the tonnage to be dependent on the West Coast U.S. situation. We worked at that for three, four or five years, probably that long, with Jujo from the initial talks. We knew the Mitsui people. I think they were aware of the situation, the possibility that imported newsprint was going to come into the situation. They were the trading company that Jujo was working with. As time went along, we were not impressed with the necessity (of including Mitsui). We'd looked at it a long time, and Mitsui was offered the possibility of coming into the thing, as an equity position early on. As it evolved, we didn't see, and I don't think Jujo did, any particular need. We weren't willing to give them (Mitsui) a preferential position and we didn't want an intermediary particularly. Jujo did not eventually require it. It gets all tied up in financing and everything else, so we could have gotten into a position where Mitsui, the trading company was going to be involved, period, from their point. That did not turn out to be the case.

The joint venture was a vehicle that assured Jujo and the Japanese newspapers that they had a secure long-term supply. You could construct that in a contract form. However, that's different, it feels different, looks different, smells different to the Japanese. They're used to overseas sourcing, but not long term and large scale unless they have

pretty good ties with it. Of course, their system is one that uses a lot of debt and a lot of leverage. If they can service a debt, that's the principle economic hurdle. I won't say that's all they care about, but the structure is one in which the bankers, the trading company and the consortium in which the Japanese company operates are debt dominated. So they're not looking, necessarily, for high returns on equity, but they are looking for a structure in which they have control. They are more concerned about whether or not the overall thing gives them assurance and stability than we more typically would be, than whether it offered them a very high rate of return. Once you get over the ability to carry the capital structure and all that, they're not as concerned.

They're a big newsprint producer themselves. That's not only a big part of what they do, but it's the most profitable part of what they do. The same thing could be said of Oji, only not quite to the same degree. Oji is somewhat bigger, somewhat broader and somewhat more successful in other lines. So we're dealing with a main event. We spent a lot of time, then, jointly studying the situation. We studied Jujo's position in the market, the growth in the market, and we tried to get a look at the economics. They were interested in expanding their biggest mill at Kushiro on Hokkaido. They had a number of machines there. We were interested in "What are the economics now and what do they look like they're going to be for the basic supply that Jujo had available and incrementally could make available, versus Longview," to see whether we had an economic ability to produce and deliver over there.

Edgerly

Had Weyerhaeuser been supplying pulp or chips for their operation?

Weyerhaeuser

I'm not sure when that started but during the course of these discussions, certainly, we supplied - and do still - chips to Kushiro, from which they make newsprint. They also have a fair amount of recycled and mechanical fiber going in there. It's a mixture of pulp, chips and domestic fiber going into their newsprint.

Edgerly

So that part of the business developed during the time that you were exploring the options?

Weyerhaeuser

Part of the chip business was prior to that. So it wasn't as though we weren't doing any business with Jujo and I can't recall, they may have been buying some pulp newskraft from us but, as I say, at least chips. Of course, we got into the chip business back in the early '60s and then got big in it in the early '70s and Jujo was one of our biggest chip accounts by the '70s. I'm not sure about the timing, but, of course, we also became their principal supplier of bleached board. They're in the milk carton business over there. Japan doesn't make any solid bleached board. The economics of it are not favorable to its being made there. The milk cartons, machinery and all, require a strong, pure bleached product. We and IP and Potlatch had been supplying the board for milk cartons. Milk cartons were growing, replacing glass, 10, 15 or 20 years later than they did here. So there was a big growth rate going on there, and Jujo was one of the principal actors in that.

So we had that relationship. Through time in looking at this, I was interested in it. We were trying, as I said, to do two things: establish a foreign base to permit us a solid conviction that we could market half or a substantial portion (it turned out we said half) of one machine, with the prospect of being able, if that was successful and the Japanese market was growing - which it was - we thought it was, to grow with it. So Jujo was looking for "What do we do next?" - they had a 30 percent market share or whatever - "How do we keep up with the growth?" We were saying, "We don't know whether Kushiro or Longview is the best place to put the next machine, but let's look at that. From that, let's evolve a plan." We eventually said, the future growth we tend to think of as coming from Longview, which is what we wanted to get to eventually. We had a very low power cost. We did not foresee what was going to happen in terms of the Washington Public Power System that blew the Bonneville rates out of sight. We were paying historically one or two mils for power, and we're now paying 22 and probably going to 35 or 40. There wasn't anyplace in the world you had cheaper power than in the Northwest. It's the single largest cost constituent, other than wood. We certainly had a preferential wood cost over anyplace else, with the exception of British Columbia. So Longview looked like the logical, least cost place to produce newsprint for delivery to Japan.

Over a long period of time, they wanted market security, supply security; we wanted market security for the product. There was no place like Japan where we could find that assurance. The economics looked favorable to producing it here rather than in Japan. Jujo was looking for incremental supply. All that came together in a contract which, in

effect, melded us into Jujo's supply. They serviced the newspapers, took our newsprint in and we developed a shipping plan. The ownership is important in that if you examine their intent, it was really the best way that they could convince themselves and the newspapers and the government that you had a secure dedicated supply. Paralleling that was a contract which pledges half of the output and accommodates that on an increasing scale as the mills came up and then beyond that, because they wanted it this way, to escalate up to 50 percent. They weren't prepared to take it as fast as we were prepared to produce it. It made long-term provisions if the Japanese market became uneconomic or whatever, we could not withdraw it (all at once), we had to withdraw it very gradually over a long period of time. The contract, as well as the ownership, tended to give them assurance that they had first call on the supply.

Our contract is a further assurance, really, that they could look anybody in the eye, including their own management and their newspaper customers, and say, "This is just as though it were Jujo tonnage. We can count on it." We worked very hard at getting the quality in their terms, just as close as we could. I would say security is one way in the sense that when they can't take the tonnage for various reasons they defer, they don't take it. Yet, embedded is a call on the tons. So they really have the best of both worlds, in a sense.

Equity is relatively unimportant. We started out saying we have to have 80 percent for U.S. tax reasons, but 20 percent's available to Mitsui and Jujo. Then Mitsui went out of it, they took 10. I'm a little vague about this. They may have taken 20 in the first machine and then 10 in the overall when we got the two machines. I've forgotten, but anyway I think it was 10. It's not an immense amount of money on the equity side of it. They're not all that concerned about the returns on equity, but much more concerned about position in the market and ability to finance the overall facility. My view is that the equity is very strongly psychological and gives them a joint venture framework within which to think and act. The contract really makes us partners. If you forget the equity for the moment, it acts as though it's a partnership even though they only own 10 percent of it. The whole thing was constructed in such a way that they have assurance that they're integrated into the supply; that's what it amounts to. That's the only way I think we could have entered the Japanese market with major tonnage. We still are shipping 90 percent of all the newsprint that goes into Japan from the outside. We achieved our objective and put together our West Coast contracts for the other half, went ahead and put the second machine in very rapidly, got the costs down as fast as we could. It's been

very well done, in terms of the market, the quality, the acceptance and costs. Very superior. I think the strategy was good, I think the execution was good. Unfortunately, the newsprint market hasn't been a bonanza. Interestingly enough, we thought the yen was going to go to 360 in our projection which, if it had, would have been a disaster. Now we had other power costs and other things go up, but the yen has continued to be sufficiently strong, and stronger than we expected, to produce a preferential rate of return on the Japanese tonnage. Sometimes narrow, sometimes quite wide, but seldom negative. So the Japanese strategy has proven to be sound, not only in marketing terms, but in terms of economics.

Then we got our own ships and we had that whole thing. Mitsui and everybody else is involved in shipping. The Japanese are quite used to dominating that. We tried very hard not to get into that framework. We had a good setup on the shipping, good for NORPAC. I'd say that that's been a very successful long-term situation. We're in a position to let the Japanese tonnage grow. We're producing so much more newsprint than we expected to. I don't think maybe necessarily more than what we thought the ultimate capacity might be, but we've gotten the machines up to 4,000 feet a minute. We're producing 1,250 tons or something like that, and the Japanese are taking only 40 percent of that now. We've got quite a lot of growth. If the yen doesn't go completely ape on us, we should have a preferential situation with respect to Japan. Others are very much interested into getting into that market. (END OF FIRST SIDE)

Edgerly

This is an interview with George Weyerhaeuser, recorded on Wednesday, September 19, 1984. Tape IX.

Weyerhaeuser

There has to be 100-150,000 tons probably, maybe more through time, coming in through similar arrangement. I don't think there are significant tonnages coming in spot market, so that even though the newsprint market is bad in North America or somewhere, they can't cut the price \$30 a ton or something like that and make any kind of a dent. MacMillan and others can't, so it's an insulated market, and we have a very strong position.

Edgerly

I want to ask you another question about doing business with the Japanese and the element to which a personal connection, to which you referred earlier, is important in carrying off a deal like this.

Weyerhaeuser

It's very important. I talk about five, six, seven years. It's a first in a sense of offshore sourcing; it's a first in terms of ownership and partnership. There's a very strong sense of commitment. The contract negotiations, other people work on and they're interminable and they're very finely structured and all that. But Japanese, I don't know whether it's peculiar to them, but in spite of the fact that they're very thorough and very smart and very good negotiators, really don't rely as much on contracts as we do and they feel free to change contract provisions in their favor or ask for them. You don't just say, "That isn't what we agreed to." You address the new situation and modify the arrangement. They are used to relying on long-term relationships. They mean it. So when you say, "OK, we're going to commit our growth offshore to this kind of arrangement", that's a very important matter to that company. They're not big in our terms. Through the years there's been a team from Jujo led by Toyonaga, who became the chairman (he was at Kushiro, at their big mill, to start with when we first started this thing and gradually moved up to the top of the company and now he's retiring). He and I trust each other. He's interesting. He's an emotional guy. When we have problems, every once in awhile, I've gone to him or he comes to me. When that happens, you treat it with a great deal of care, because you want that relationship to be one of mutual support. We got into troubles on quality and everything else in terms of bleached board and on several occasions I've gone to him and asked him to do everything he can to support us, to continue to take the volume or to do something else, help us get through the problems. That hasn't been easy or smooth. In the Jujo organization, that produces stresses, because they have other suppliers and they have their own production in newsprint. When we push volume and say, "You're not taking enough newsprint according to our intentions and our contract", they say the market hasn't grown enough and we can't back Kushiro down or we don't choose to and it's important that they not accept all their obligations to us because, obviously, they have much more at stake in economic terms in their own operations. There are people in their organization that are inclined to work with us and others.

The character of the thing is that Toyonaga himself and the key people around him were years and years in negotiations and the planning. They worked with us. They have access, they feel, on quality. He gave watches to all the workers down there. They want to feel an affiliation and not just in form, in substance, with the people that are not only at the top but all the way down. That's been an important ingredient.

[Interruption]

Edgerly

The last question I had asked was about the personal relationships and their importance to this kind of deal. You commented on how close the communication has had to be at times.

Weyerhaeuser

It's an interesting question because, when you're dealing in an Oriental frame of mind, to understand each other, you can't answer the question, "Do you always have complete understanding of what is meant and felt, as opposed to how it's said?" So I don't want to overstate the case, because I'm no student of Oriental communications. Then you have the problem of interpreters. Toyonaga understands some English. You're trying to judge facial expression and emotion. He gets very enthusiastic and he cries. He conveys commitment and interest in nonlanguage. Not always; sometimes he's just as blank as a sheet of paper, by the hour. But not always. Once in a while, you get a glimpse of him in an emotional frame of mind. He's unusual in that he does display emotions in ways that I'm convinced I understand where he's coming from. I don't feel that with his successor; that's a problem. It isn't just me, of course. John Shethar and others have been dealing with them, and I think they have a lot of confidence and understand quite a bit about us. They have a confidence level. It's difficult when you have a change in leadership. I'm glad that this change didn't occur five years ago or three years ago because we've been with the same guys up to now all the way, but now it's changing.

Edgerly

His successor will be who?

Weyerhaeuser

Ishigami, who's been in the mill and understands the business, but what forces within Jujo are working on him as the new CEO? He and Toyonaga have that delicate relationship of the guy who's the father of the thing versus somebody who's under pressure and looking at different sets of circumstances and different people probably that he's close to. So it isn't easy.

Edgerly

Weyerhaeuser's method of doing business domestically over the years has relied a lot on this kind of personal interaction. A lot of faith and trust being exchanged. When you commented on the fact that the Japanese seem to be less reliant on contract and more reliant on some intangible, or at least initially intangible, factors, I found myself thinking that doesn't sound all that different from some of Weyerhaeuser's own values.

Weyerhaeuser

No, but our commitment, when I say we enter into a contract with the Los Angeles Times or somebody, I have no hesitancy at all to say we will commit ourselves in writing, we will reduce our understanding to writing and we will live by that agreement. That's a very different statement than saying, "We're in this thing together and we'll negotiate to beat hell on the form of the agreement and then we also understand that the agreement does not stand under evolutionary conditions of either party." That's the difference between English heritage and law and contract and lawyers and the Japanese. I'm not aware that they've ever had a lawyer involved. No doubt they do. With Americans, when we get around to this, we would be working with the lawyers and constructing something. Obviously, lawyers draw the contracts and all that, but it's very different.

Edgerly

Have you found that there is a level of social interaction as well as business interaction with the people in Japan whom you've come to know?

Weyerhaeuser

I think at various levels. There are people that are very close to our people that do communicate on a man-to-man level. Let's say we were selling linerboard to a box plant in the United States, which we do, or paper to a paper merchant or to a merchant chain. There, at certain levels, those guys are interacting and fishing together, drinking together and going to sporting events and they establish an element of shared

experiences outside of the direct business framework. I don't think we work those personal, social contacts nearly as much as a lot of people do. More marketing oriented organizations, I think, have more people that are tuned that way and work that than Weyerhaeuser. We'll do what we say we'll do and we'll try to understand what your requirements are and we'll work like hell to meet them, but we're not going to oversocialize with you. We're much more impersonal than most of our competitors, certainly the smaller ones. We don't encourage lavish entertainment and gifts and hunting lodges and a lot of other things through which a lot of this is done. It's different. Nor do we have, however, in the United States, nearly the percentage of long-term relationships and large scale commitment that we have involved in this. Which is to say that we have a lot of customers that are being serviced and sold on a competitive price basis continuously, but those are not long-term contract supply to nearly the same degree. There are exceptions to that with very large customers. The partnership, not in terms of the equity, but in contract and the relationship, is different in kind to 98 percent of what we do in the United States. And in a sense, if we weren't of different cultures, you would be working a lot harder to socialize. You don't go into their homes. When you're working through interpreters, you don't have the same opportunity to horse around and gain understanding through informal conversation. It's much more formal. So where we have the greatest need, we have a significant inhibition.

I'll draw another contrast. In Indonesia, try as we would, we could never establish a degree of understanding and trust with our codirectors representing Tri Usaha Bhakti, our partners. With the Indonesians, I shouldn't generalize, but there is a big cultural split there in terms of how they communicate and work, the degree of frankness that comes into anything. I don't say that it's impossible for Americans to establish a level of trust, but it's so much a smell, feel and touch kind of a thing. With Indonesians, at least in our relationships, there is a degree of deviousness and lot of things don't come up on the table. I think the same thing is true for them. They look at us, big and operating from a distance, by the numbers, within a framework they neither can control nor react to very well. We simply were not ideal in our rigidity. They'd be much more inclined to wheel and deal at all government levels. I don't mean just in the bribery sense. It's just a much more loose, a looseness in the moral sense, looseness in the way they deal from business to business and from business to government. You're kind of in constant jeopardy in the sense that nothing ever stands still. They're maneuvering around. This was our experience. If you were dealing, I'm sure, in Singapore, Taiwan or somewhere else, you could have a very different experience. They're much more businesslike. That isn't to say there aren't major differences there, too.

Edgerly

To what degree did or has the element of not having a native agent, if I can use that term, affected Weyerhaeuser in its dealings with people in, for example, Japan or Indonesia, perhaps less so in a place like South Africa, more so maybe in Latin America?

Weyerhaeuser

Quite a bit. Of course, it differs as we always had a strong Japanese content in the contacts in Tokyo office, staffed by native Japanese. We had a lot of professional people doing a job, advising us, trying to understand and interpret for us what our customers were doing, saying as a group and individually. We've had a much better (connection there). In a sense we did have native agents, not partners. We would have been better off if we had Japanese partners, I think, but we're not doing business in Japan per se as we were in Indonesia. We're selling and servicing. We've used a law firm to advise us over there, with Arthur Mori, who interpreted for us, and quite ably, I think, what the hell was going on in the government and what we needed to be concerned with when we dealt with various aspects and also with the trading companies. In other words, we were getting from outside, but continuously affiliated over 25 years, American-educated Japanese and we have much better stability and continuity and advice coming. And we try a lot harder to understand what's going on in Japan than we were ever able to in Indonesia.

Edgerly

Was an attempt made to find a native Indonesian who could act as an interpreter in more than a linguistic sense?

Weyerhaeuser

I don't think you can say it was very thorough. It was hard to do. At the very beginning in Indonesia, I went to Julius Tahia, who had been the top Indonesian in Cal-Tech's largest foreign enterprise in Indonesia, whom I got to know through SoCal and through the contacts we had with the industrial conference. Julius was a leader. He was over here on a regular basis. So I had an advisor in a sense, not advising us necessarily on transactions, but on our government relations and on our subcontractor relations, etc. We had somebody to talk to, but that's very different than having somebody on the ground and in the company. We had hired people who were experienced in Indonesia, Americans, to work with us in our Indonesian operations in some cases. Indonesia, even

for Standard Oil, is a tremendous puzzle. They take forever to settle things. Everything tends to stay fluid. Here's the biggest company and very important to the country and they're dealing right up to the prime minister. In our case, in our industry, the prime minister himself, Suharto, plays golf with a key guy that Georgia-Pacific worked with who was a partner. Georgia-Pacific wound up in the same place we did, all the way out eventually. But I would say they were much better connected, and I often regretted we didn't have that kind of ownership advice and better connected with the government.

But even if you get well connected with the government, it is a many-splendored thing, because high government officials there do their own thing in their own agencies, and many of them or most of them have their own side deals that they're working on. When you come to concessions and contracts and relationships with the government, there's more wheeling and dealing; it's just unbelievable. Generally nobody's paid very much and they're all maneuvering around one way or another. Then you have the Chinese and the other foreign elements doing business there, doing most of the business there, and a lot of it behind the scenes. It isn't as though you could deal with the agency of forestry or finance. We worked hard and we had some pretty good relationships with the foreign development people there. They were able people and American-educated. There were some people we could deal with, but it was a rare occasion when you got a clear answer as to what the government's position was on issues. They'd keep changing boundaries on you and you'd say to the forestry agency, "At least you ought to be able to define where your concession began and ended," but it was in their interest not to define it. It was just very difficult.

I think the answer would be, like anywhere else, if the native agent or partner is honest, very well respected and a solid business person to associate with it would be ideal. But to find those qualities in someone who is also in a position to talk to the people in the government and advise you is difficult. You can't do it by reading the presidential decrees when they come out, Levy X or Y or Z tax right out of the blue on this or that or the other thing, to dredge the Mahakam River or to do this or to do that. They'd come popping out, right out of the president's office, and you'd wonder, "Where did that come from?" We'd talk to our other compatriots and say, "That's arbitrary, capricious," and try to get it modified on an individual company basis, or as a group, and nothing ever stood still. One thing after another would come up year after year after year.

Edgerly

You mentioned the Chinese doing business in Indonesia. It reminds me that I want to ask what impact your visit to China has had in terms of the company's planning for the opportunities that exist in dealing with China? Have you found over the years since your visit, that the results have begun to come to fruition or do you see results coming to fruition?

Weyerhaeuser

China is another matter. Incidentally, you understand that when we talk Chinese in Southeast Asia, we're talking about a different Chinese.

Edgerly

Yes, you're talking about the expatriate Chinese.

Weyerhaeuser

Yes. And they're very, very prevalent all through Southeast Asia, and they are the business. That's where a lot of the business is done and they run small scale and they handle whatever has to be handled. They're very shrewd, well connected. They're feared and respected. They are the dealers in Asia.

The Chinese, the People's Republic, are still kind of feeling their way. They're centrally controlled, bureaucratically staffed, but increasingly, as time went along over the last decade or so, well informed about what's going on in the outside world. They're very shrewd in terms of negotiation and information. They're absolutely in contrast to the Indonesians; they're reliable in terms of their doing what they say they'll do. Tough traders. Of course, there we're in a seller relationship, mainly. We've worked hard right from the time when China allowed us to work directly with them, following a period of working through the Canadians, back at the beginning, selling linerboard. That was largely at my instigation. But at least we tried to get started. We were doing business shipping linerboard. I can't put a date on it, but this was before our government moved to the point where it was possible to have direct relations. We certainly were not only not encouraged to and had no mechanism through which we could communicate. We started to ship linerboard and they sent a ship or two in to pick up linerboard from Portland from us. We made the mistake of selling it to them stored onboard ship. A Chinese ship or a foreign ship, a 50-year-old tramp, came in with no loading capability and it took four weeks to load the thing in Portland or some ridiculously long and

expensive stint. We learned pretty quickly we had better sell it free alongside or on our own ships or something else.

We started doing some business in linerboard and then we had our regular people going to the Canton trade fair. That's where we got in and worked with the central Chinese purchasing agency, China Light Industry, to sell them pulp and sell them linerboard. We started on the fiber products. I can't recall the timing in logs. It would be more recent. They used to import materials, wood products. They had a need for softwood. We began to develop some log business and we had a great deal of difficulty because they had no port facilities. The ships would stand by for long unloading delays. The cost of trying to get products delivered to them was horrendous. We worked with them to try to improve the handling through the docks, etc. They had no rail facilities that were adequate, or cars and it was very expensive to transport from the port. That's been evolving and now the volumes are large. They've gone up to something close to maybe 30 percent of the volume or 25-33 percent of what is going into Japan. Over a relatively short period, it's been an absolutely explosive growth as they've escalated their construction programs with inadequate supplies domestically. They didn't have the raw materials as it escalated, so that's been a very successful buildup. We've been the leader, and we are doing over half the total volume. We were doing probably maybe 100 percent to start with. Now, of course, with the U.S. oversupply situation, everybody and his brother is trying to get offshore and the Chinese are playing very cagily, broadening their sources of supply. Now they have a lot of different people to negotiate with and they've been very successful with keeping the price down at very low levels. It's still sufficiently above domestic alternatives, so that an awful lot of movement's going that way. We were meeting their import requirements in the linerboard situation initially where they needed high quality for packaging export products which couldn't be met by material produced domestically. The import of linerboard became important. I don't want to overstate it, because the tonnages are not overwhelming in these products. We're dealing in 20,000 tons or something like that of board and a similar amount of pulp.

It took a long time to develop a little bit of business there. Bill Franklin and our sales guys in the initial stages did business by going over to the trade fairs. They all stayed in one place in Canton. They'd sit in a room with no furniture for six days and wait to be called to come to talk. You'd wonder if our people were going to be able to survive and be patient enough to worm their way through. The answer is, we managed to. Increasingly, they got more and more exposure with people that were doing more and

more business. Then the government allowed much more freedom of action in purchasing to go to Shanghai and some of the city states so, instead of everything going through the central agencies. We did a significant amount of business with different entities on logs. That got out of hand, from their point of view. Then they recentralized it. They pulled it back into Beijing. We've been trying for three years to get an office in there. Finally, just before our President arrived for a visit, they allowed us to do it. I think it tied in with that, finally. It's very slow-moving in change and bureaucratic.

We haven't been allowed, historically, to go where our pulp was being used. And the central buying agency didn't know how the stuff was used even. They'd gather with us centrally for all purchasing negotiations. It's illogical. But we've been able to get to some mills now, and also the same thing with wood products. "What are you using this stuff for and where?", so we could try to influence, I guess is the right word, our product mix in the direction of their need. But we are still dealing with a fair degree of bureaucracy at the center of the thing.

I don't know what effect, if any, our relationship with the vice premier has had. I met him when he was here and he was interested in and aware of our forestry background. They have a gigantic reforestation problem and program. We have been consulting with them on growing trees and nursery practices. We've been allowed to send people in to look at a few of the timbered areas. So we probably know more about what's going on there than most and we have conducted seminars on computer analysis of forests with a very sophisticated group in the central government. We've been interchanging with those people on a technical basis and also on a practical basis, giving advice as to where they might buy completed greenhouse facilities and technology, what they ought to have and where they can find it. They say, "Can you supply it?" "No, we're not in the business of making greenhouses" and that kind of thing. We've been giving them technical help in forestry side. We've conducted seminars for groups in sawmilling, plywood, particleboard. We're trying to teach them a little bit about things, our technology, and materials that are available, in the interest of cementing our relationship and trying to find ways and means to enhance the direct selling that we're doing.

Edgerly

When you say "give", do you literally mean give, or is there an exchange?

Weyerhaeuser

No, we donate our time. They'll pay for transportation in China. They don't want to use their foreign exchange. Yes, it's give. We're not making any fee income from it. They're paying part of it - they want it and they're paying for their part of it. They send their people here. We're not paying to have their people come here and that kind of thing. I'd say it was a technical exchange, albeit mostly one way, each party carrying his own costs in the exchange. And I think we're recognized not only as a primary supplier of their imported needs, but as somebody who has a continuing commitment to trying to assist and aid. But that doesn't give us any price preference or anything else. All that does is help them find the ways to enlarge their forest products efforts and to supply some of their needs as they open up. All that is dependent on their generating enough foreign exchange. They have either increased or decreased these programs as the foreign exchange availability comes in and we've gotten tied up with the problems in textiles. Our government, for political reasons, has reacted. That isn't solved. There have been (ups and downs) both in their overall trade balance and the degree to which they've expanded and then chopped back on their programs and therefore, either allowed more materials in or imported less. All of this is in the framework of their government plan and the move back into central agency purchasing.

Of course, now they're also investing outside of China. Now you have another government agency which just bought timber from St. Regis over here and has an investment type of objective strategically, which is new the last couple of years. There are a number of agencies involved in different aspects of this. China Light Industry is the main purchaser of forest products. There's a lot of different bureaucracy you have to deal with there, with different missions and not, seemingly, in very good communications. It's interesting and complicated.

We were early, consistent and thorough in our efforts to develop volume and support them in their evolution with some advice. I don't want to overstate the technology. We are one source of information and help for them to get the machinery and process stuff. They're getting increasingly extensive contacts in this country and elsewhere. They're going to modernize and build. What forms the forest products that are imported are going to take is still very much an issue. We'd like to ship more lumber. They want to minimize their foreign exchange needs and are very much more inclined to import raw materials than they are finished products, which we're willing to do and are doing. We'd like to ship more finished product in there. If they can apply domestic labor on imported raw materials, of course, that helps them.

Edgerly

I'm reluctant to stop here. I know there's probably a little more that could be said. Maybe we could pick it up a bit when we meet the next time.

Weyerhaeuser

I think we have it pretty much up to the present. There probably isn't a single bigger movement or change in international trade than in forest products in China in the last five years. And we've been at the front of it.

Edgerly

I'm really intrigued by the information exchange and the direction that that takes the company. Maybe we can talk a little more about that when we get together the next time.

This is the end of the interview recorded with George Weyerhaeuser on Wednesday, September 19, 1984.

Edgerly

This is an interview with George H. Weyerhaeuser recorded on Wednesday, December 12, 1984. This is Tape X, side one.

Edgerly

The last time that we met, we talked some about the international projects and the company's contacts with China, the joint venture projects, and primarily concentrated on the international picture. That last tape is not completely transcribed, so I haven't been able to go back over the questions in detail, but that was the range of subjects. What I thought we might try doing today is start to talk about domestic growth and some of the diversified business. Rather than breaking that subject into chronologically grouped questions, I've tried to combine them somewhat to cover the 1960s through the 1980s.

One of the ones that stands out in the group of companies that was acquired, of course, was the Dierks acquisition. It certainly was one of the most substantial in the Company's history, and I wonder if you can give me some background on that. The merger took place in '69 which was three years after you became CEO and, therefore, obviously you were involved in making the decisions relative to that move into a different part of the country.

Weyerhaeuser

I don't think of it as diversification so much. It's not in the sense that we talk about diversification these days - involving a change in the character of the businesses that you are going into. Dierks was an extension of our move toward the South and East - South for resource base and East for markets. We felt that a lot of changes had been going on that pointed to the need for us to establish a stronger timberlands base in the South. And, of course, we started down that route in the late '50s in Mississippi. So largely, I think it came as a result of the forestry considerations and was associated with the desire to get a pulp and paper base down there as well. We pursued relatively low-cost, surplus land which, in that period of time, was to some extent an outturn of the marginal farming - cotton, corn, etc. - small-scale farming that was no longer economic. The lands were woodlands combined with marginal farmland. When we went down there, you could essentially buy the land for whatever timber values there were on it. In other words, there was practically no land value in northern Mississippi and Alabama and other areas in the South, marginal areas away from the Gulf. So we were looking for a way to build a base down there, from which later to build facilities. We had been learning

something about hardwood control and conversion costs and management costs, and we'd convinced ourselves that we had pretty good site land and we knew how to manage and convert it. There was a good deal of doubt in the early days about how you got control of the hardwoods in an economic fashion. You could buy cheap land or land at practically no cost, yes, but you didn't necessarily have either the quality of site or means that were economical of getting the site reforested.

All this is by way of introduction. That's the preceding 10 or 12 years in front of Dierks. But, at the same time, of course, we were also gaining experience and knowledge and some degree of conviction about practicing forestry in North Carolina. We had been experimenting increasingly with various kinds of reforestation techniques, and we thought we were getting pretty good results there, too. So we were looking at a number of properties and decided we'd like to make a major entry down there. The Dierks properties were large-scale, independently owned, family owned, and we thought about them for some time. I talked on one or two occasions to DeVere Dierks, who was somewhat younger than I, or maybe was in my age bracket - I've forgotten. He was kind of the guiding light - young but in charge.

Edgerly

Was he the man who died in the accident?

Weyerhaeuser

Yes, he was killed in a head-on auto collision coming home from something with his daughter. I think his death took the heart out of the matter there in terms of the primary guy that was then leading it and the next generation. I think that then served to accelerate whatever thinking process the family might have otherwise been going through. I think probably eventually they would have found that the capital requirements and other things to manage that large an enterprise or property were larger than they wanted to undertake and could undertake. It's one thing to manage 2 million acres of land, and another thing to integrate it with all the facilities, which we wanted to do and were prepared to do. So while we had the objective of building a southern base, they had the objective of generating income and managing a property. They had been logging it on a selective basis, as was customary in most of the South. We saw an opportunity to turn the property into a large-scale plantation and we analyzed it that way. We negotiated on and off with Peter Joers and other family members. Two or three others got involved along the way, and they eventually had a lot of advisors in the thing. Eventually we put

together a transaction which was essentially cash. The most difficulty we had in the negotiations had to do with the mineral rights, and nobody knew how to put a value on the mineral rights.

Edgerly

Who was following that piece?

Weyerhaeuser

Oh, I don't know. We finally just arbitrarily offered a number and increased the price. I think we arrived at \$7-1/2 million or something like that, out of a \$325 million purchase price. I don't know to this day whether that was overvalued or undervalued. They're drilling one well on us now.

Edgerly

You may not know for a while.

Weyerhaeuser

I think we will have received \$7 million in value direct cash back just in lease fees irrespective of whether there is any oil or gas on it. But it is 12 or 14 years later. It was a part of an evolving strategy, of course, and then we applied very radical changes in their forestry practices that were not without controversy. We've basically gone into a selectively logged mid-South forest and converted it at the rate of 100,000 plus acres a year into plantations. I think we were aware at the time we went in there that some of those lands, particularly in Oklahoma, were probably light on rainfall and depth of soil and quality of site. It had a lot of shortleaf pine on it that wasn't doing anything, and some of it is rocky and sufficiently marginal that we still will probably manage it with a light degree of intensity, meaning we can't afford to go in and hand-plant it; you'd have to seed it. It really is almost non-forest type in terms of its growth and potential. I'm talking about 200,000-300,000 acres maybe out of a million eight or a million nine. We bought a lot of timber - there was a lot of timber on that 1,900,000 acres, even though the stand per acre was relatively light. It was about 10 cunits per acre and of that 75 percent was softwood. So we went through and, in a sense, put it on about a 20-year cycle, upgraded the lumber facilities to let them handle smaller logs in a better fashion, and put in a southern plywood base along with it at every one of the locations, and roundwood handling basically to take the small wood out and provide, along with the sawmill residuals, the chip base for a big linerboard mill. We'd been studying for years

the possibility, starting down in Mississippi, of establishing a southern linerboard location, because we obviously had midwestern and eastern shipping container plants. We wanted to grow that business and really make it a nationwide supply base. So with Plymouth in the East and Springfield in the West and Valliant in Oklahoma, we could pretty much cover the country in terms of transportation, a geographically balanced system. We were, of course, busy building a nationwide shipping container converting business. So, with all those, the business of brownboard and shipping container business were logically integrated there, although we could have gone in Mississippi with a linerboard mill. We had a timber base which would provide wood for modernized and expanded wood products facilities for the reasonable life of those assets. It all tied together into a good, solid geographical base for us from which, then, to grow an awful lot of wood in the future, which we certainly will do. That land alone will probably grow in excess of 2 million cunits a year in plantation form, and that's just at the rate of a cunit per acre per year or a cunit and a quarter. So it's going to be a gigantic resource base over time, and I think we did it at the right time, both from a marketing and product point of view and from a land and timber acquisition point of view, in the sense that values escalated serially after that. While we had some run-up in values before we bought it, I think we got a very, very favorable acquisition price for that kind of integrated, immense land base. So it turned out to be a very good, I believe, move for us. That whole thing, if you put all the values just on the land and timber, on an acreage basis, you're talking about something like \$175, ignoring all the other assets. They had a sack kraft mill, gypsum plant, treating plant, three sawmills and a few other things that, in that kind of calculation, I ignored, but they were a pretty good starting point, with the organization, from which to build. So we got a very good, solid move. I certainly would do it there or elsewhere again. It wasn't the only property - we looked at many of the major properties that we either thought were going to be for sale or were actually for sale, negotiated for some of them, including the old Pomeroy-McGowan lands in Alabama, which later went to Union, and Crossett, which later went to Georgia-Pacific, and probably 10 or 12 other major properties that we have at one time or another competed for down there.

Edgerly

Was this by far the largest of them?

Weyerhaeuser

Certainly it was in acreage and it was in dollar amount at the time, too, although subsequently, of course, we got into the bidding match on Bodeaw's 350,000 acres plus a linerboard mill with IP that went to \$700 million or so 12 years later. Of course, the dollar wasn't the same dollar and it was for 350,000 acres, not a million nine. So I think in real values it is probably the biggest, and may be the biggest timber and land property that we ever traded.

Edgerly

How favorable is the tax structure in that area relative to a large ownership of this sort, and to what degree did that figure into your calculations?

Weyerhaeuser

Oh, I don't know if that had much to do with our sense of wanting to be there. I think that the values, the property tax loads, generally across the South are orders of magnitude lower than in the West, but as between the various states, there are significant variations. I guess the fact that I don't know tells you something about the relative importance of that. That's not to say that the land valuation and land tax is not an important element of forestry economics, because it certainly is, and they are favorable in most states. We built a big linerboard mill there, and we were very much concerned because it was in a very small taxing district. We were able to put into the Oklahoma property tax in the way of... I can't tell you the mechanics except that we made payments in lieu of local property taxes and then were able to allocate those payments in lieu out to the various entities that needed them, and many of them were at the time outside of the geographic boundary that would have received the property taxes. I guess that's been found unconstitutional. I think it was either legislated differently or something. Anyway, I think they're back onto a property tax system that concentrates those receipts into a narrow geography right around the mill, which is too bad, because there are a lot of schools and hospitals and everything else that needed our revenue base to help, because the people live all over the place. They don't live in Valliant. That was not a major tax break, it was just a partial solution not to the rate of tax, but it was a vehicle which did set your property tax so it wasn't going up and down or subject to reassessment and all that within a little, tiny taxing district where you could have some problems. So I'd say that we felt very comfortable in terms of the tax and other aspects of the local and state environment in which we could expect to manage a large property over a long period of time and put big capital improvements in on it. I think that's proven to be sound and it's a good place to do business.

Edgerly

Was integration of the Dierks people any more difficult than with any other acquisition? Was their way of doing business and their way of looking at their resource base enough different that Weyerhaeuser had problems with that?

Weyerhaeuser

We had lots of problems. I don't think we've ever done anything on that kind of a scale before, that involved that many people and that many rural communities. Well, you start out with the resource management side - they had a lot of district foresters scattered around and they had had a history of tree selection logging, which is a polite way of describing high-grading. They'd put contractors in over the years and logged out the valuable hardwoods a tree at a time, so what was left was the low end in terms of quality and rot and tree form and everything else. The growth rates were poor, values were low in terms of conversion in hardwoods particularly. The softwoods were logged and they were reforesting on a natural basis largely, and you get very uneven distribution of trees and growth rates very much below, like half or less - probably less than half - of the growth rates you can get in a plantation where you've got the site fully occupied with good trees on it. But both in the area and among the people that worked for Dierks - well, clearcutting was radical, different and associated probably in some people's minds with liquidate, "cut, get out and leave it." So I think it took quite a bit of time - and I don't know that they all stayed around for the change. We had to get forestry people who knew what they were doing and blend them in there and change the whole program and make it work with people who knew something about it and were committed to it. We established, of course, nurseries and the whole works. So it was quite a job, and it wasn't as though we had practiced it on a gigantic scale in the South, although we did have the experience in Mississippi and North Carolina to bring to bear. They had all the same kinds of problems in the sawmills. There were three old sawmills where they were used to doing business on larger material and we wanted (1) to increase the volume cut from the forest, (2) to process a wider range of log diameters, (3) to do it at high speed. This wasn't new. You have the struggle of quantity vs. quality, automation vs. careful cutting and selection in the sawmill, a myriad of grades and a lot of handling, so their cost structure was way out of line, and yet the variety of product and the yields, of course, were different and higher than what we would get from going in and adding a new set of log handling and the smaller log sawing equipment. We had different ideas about how to engineer it, and we brought in outside construction and engineering people. We had a

terrible time with our ideas of what to do, melding it. We didn't go in there and fire everybody and we wanted to build off what was there. We didn't want to be viewed as northern carpetbaggers, and wanted to establish a very solid base with the people that were already there. So we had to make it work together, and that took quite a bit of time. That went for the mills as well as the woods. The plywood plants we built from scratch, so we had a construction problem and we sent our own people in. We had housing problems. We tried to get our real estate people to build subdivisions because there wasn't a lot of appropriate housing in the area, not a lot in surplus either. We sent them (the real estate people) in there with a mission to do it to make money, not just to subsidize housing. They had great struggles with Joe Brown and others as to what is the mission, and they wound up doing a poor job, I would say. They didn't make money. We probably lost money trying to build houses, and I don't think we did a very good job for the people either. We built some in Idabel and Mt. Pine and around Hot Springs, too, DeQueen maybe. Here's another cast of characters from the West trying to do a job down there.

Edgerly

The name Dierks stuck with it. As a matter of fact, I think it was called the Dierks Division until Joe went down there, was it not? That would have been at least four or five years after the acquisition.

Weyerhaeuser

Sure. We were trying to run it with their people. Bob Malcolm was production general manager, I think, down there. He was one of the key guys at Dierks and we had their mill managers; we didn't change a lot of that. We did a lot of the engineering and then I think Howard Hunt worked hard to try to make that all make sense.

Edgerly

Does the relationship with Peter Joers remain good despite these changes which philosophically had flown in the face of what he had been doing?

Weyerhaeuser

Yes, I think so. I think Peter first of all was the key negotiator, the leader after DeVere. Peter stayed on and took a positive position, helped us in the community and with the Arkansas and Oklahoma political dimensions, which were important. Dierks is a big outfit down there and we were coming in from the outside. I think Peter helped in

many, many ways. Of course, when Joe came in, he was really the first Weyerhaeuser top guy. He worked with Peter and Peter continued to help us on a consulting basis for a good many years. Now, I don't think that meant he agreed with everything we were trying to do or did, but he was a key and positive force in our gaining acceptance. I always, personally, from the negotiations on, turned to him when we had problems or anything else. He continued to help in any way he was asked to help, which I think is rather remarkable. He certainly didn't need to from any economic point of view or anything else. I think he was genuinely interested, from a family point of view, in having it go as well as it could possibly go. I think it was a stewardship kind of thing, even though they'd sold it, and he helped a great deal. We had a number of key people, still do, that were pretty key when we arrived and that are still there running things. So it was a mixed marriage and it worked, but not always smoothly. I don't know that I'd do it any differently, though, if we had it to do over again. You can think of things we would have done differently, but in terms of the leadership and organization, I think we were remarkably successful in hanging in there and doing a good job. But certainly there was a lot of putting out of fires. There were a lot of stresses and strains in that. They had had, and we had, significant union problems. They had very bitter relationships and a couple of major strikes, union shop, decertification, and some violence - down in that part of the world they tend to take things into their own hands and burn and blow up things. So there's a labor history that was difficult.

Edgerly

Joe refers to that in his interview. What primarily did you find had to be done to improve relationships with the unions?

Weyerhaeuser

I don't know that I'd say that we found any real solution. I think there's still a certain degree of do-it-yourself militancy in the Oklahoma side particularly. I think that's partly the character of the people that are there. I think Dierks worked pretty hard at managing their own affairs without too much help from the union, and I think when Weyerhaeuser arrived, the international union saw an opportunity to follow us in there and strengthen their position. I think that's part of what happened. I don't think that I ought to overstate it. I think we've been reasonably successful in getting productivity and we haven't had a lot of major strikes. But it's not a typical southern labor history. It's much more union, much more militant than certainly other parts of the South, more so than we've run into in North Carolina.

Edgerly

When I mentioned the Dierks acquisition under the general heading of domestic growth and diversification, you said, "Well, it really isn't diversification." That was a good point, it really isn't.

Weyerhaeuser

It was really our growth scenario, go in debt to expand and through expansion to get on a new, longer-term geography - which would help balance us geographically - closer to market and all of that is very valid. I'm very glad we've got as strong a position as we have in the South. Looking at it from today's vantage point, most of the pulp and paper companies are getting out of the wood business, or at least they're getting out of the West Coast wood business. What we were trying to do was balance up. We didn't have any intention of withdrawing from the West Coast, but we certainly had every intention of getting to be nationally more competitive as freight rates became more and more pertinent. I don't say we foresaw deregulation and a terrific runup in transportation costs, but they certainly have tended to validate our earlier concerns that we were too remote from market to do a good job or do an ideal job anyway. So, to the degree that we've been able to, we've been building southern bases for fine paper, linerboard, pulp. And we're still at it, of course. That's not the end of it.

Edgerly

Another acquisition that took place that same year was the acquisition of Quadrant and Par-West Financial Corporation, I guess is what it was known as at that time, which in a way took Weyerhaeuser back into the real estate marketplace, one that the Company in fact had abandoned with the disincorporation of the Logged-off Land Company, I believe.

Weyerhaeuser

I smile because you show your historian tendencies. There aren't two people around here who would know very much about Weyerhaeuser in the real estate business back in history. There are a few maybe that could remember. And, of course, if you want to carry it further - I thought maybe you were going to go a little further than that to what F.K., John Musser and others would say is the first when we were in something called Allied Building Credits. Now that was the real estate business. Quadrant might have been the son, in a very limited sense, of the Logged-off Land mentality which said that we have had and continue to have a lot of lands in the Northwest which are within

reasonable proximity to the metropolitan areas so that the population pressure translates into recreational properties or second homes or even subdivisions. The areas east of Seattle, which is where we did sell a lot of logged-off land, also turned out to be part of Quadrant's territory. Quadrant's activities were both land development and some home building. So the land development arm, we did then and still think about as having know-how and expertise which we could apply to some land that is in higher-value categories than can be supported by forestry. The land, at least theoretically, may have a higher use in economic terms than forestry management can generate. Well, we haven't done a great deal. The fact of the matter is that we have the dichotomy that we don't want a lot of development to impinge on our main forest areas. If the valuation of those lands were to be translated to all forest land, we would be in real trouble. They take transaction evidence and then say, "Well, this is what this kind of land is worth; therefore, we apply it to all your holdings." So there's a problem in terms of present use as opposed to highest and best use in a tax sense. And we've been very concerned about that. So we don't want to, in one sense, mix a lot of land disposition in amongst our main areas where we want to grow trees. The other side of that coin is that, even though we have a lot of lands in the adjacent areas to the suburban areas (they are potentially kind of farm/wood lot, second home), they are not the kind we use normally in terms of developing subdivisions. They're too far out for that. But we did put Quadrant to work on Hartstene Island and other areas where we had water or where we had something that was a unique feature which could draw people there, and we made those kinds of developments. Quadrant, of course, has become our arm for development, commercial properties, light industrial and continues to hold a lot of land and develop a fair number of business park type of sites. But they are not really chewing up a lot of forest land or the fringe lands that we from time to time wonder why we can't find something higher value than growing trees on.

Tape X, side two

Edgerly

At the time of acquisition, was the idea to provide another fallback position in terms of dealing with the cycles of wood products and pulp?

Weyerhaeuser

Oh, yes, I think there was some element of cycle diversification in the sense of a business which had its own characteristics and helped us in terms of cyclicalities. Although I think, if one were to look carefully at the real estate business and the wood products business, they're not that far out of sync. They're a little out, but not all that far out. Of course, when you get over to commercial and industrial building, that can be fairly far out of sync with the wood products building cycle. No, we felt that there were attractive opportunities there. We weren't alone. A lot of other people at the time in the wood products business and others were going down the route of getting into some degree or another of development and home-building, and I think we felt that we could acquire first-rate operators in this area and, in effect, acquire the expertise and the position in that process through which we could channel our materials and get closer to one of our main markets. But I don't think we looked at it as primarily an integration. We have never managed it as integrated. We felt that each one of these had to be a business on its own, a business we were prepared to get into so long as we could find companies with a good track record and a price we felt didn't mortgage the future too far out. We acquired over a period of time eight or nine of these companies, starting with Pardee. They were also, of course, in the mortgage banking business and knowledgeable on the financing side, and that was of interest to us. We wanted a good, strong entry and we found one. So it was a very, I'd say, successful and timely acquisition. I wish they were all that good. On balance, I think most of the building companies we acquired were soundly run and soundly acquired. With a couple or three, for reasons of their own weaknesses and/or our direction of them after they were acquired, we lost money and their management (by pushing them into different product areas or too much growth). So we've made some mistakes in the process. But we've built an enterprise that we felt would provide diversification, know-how related to where our products were going. Then the financial management capability that Pardee brought was also interesting and we felt we could build off it, which has proven to be the case a long time later. We felt it was an area that was related where we would have a degree of know-how and comfort and interchange capability, both financial and product.

Edgerly

Was the acquisition of Jay Peak as experimental as it looks to me? That's too personal a way to really phrase the question, I guess. But it is so different in that it represents a recreational facility, and yet, of course, it dealt with an activity that was land based.

Weyerhaeuser

Well, not only land based, but we had a lot of land right there, which was acquired from Roddis. So we had the rationale at least of creating value supported with real estate development which, together with what was represented to be an outstanding ski mountain, by putting in resort development we felt we could make a go of a good mountain with the right kind of facilities on it and then move forward into the real estate development, which is kind of the way Sun Valley and some other places have evolved. I think that to the degree to which they have been successful, they've been successful economically by virtue of land development. But the ski resort has to provide the thrust. If people aren't there, you're not going to sell land and develop. We knew we had a very cold mountain, the highest mountain in the Northeast - you wouldn't even call it a mountain out here, but it gets mighty cold there, so it took a very big investment in the enclosed lift to get it off the ground. Then we put in a bar and eating and then some sleeping facilities, then we developed a little land around there. They had water problems and volume problems. It's easy with the benefit of hindsight to say, "What did we know about all that?"

Edgerly

Well, you worked at it for about 13 years or so before you sold it.

Weyerhaeuser

Right. In the latter stages of that, we didn't know how to let go. We were trying to see if we could get the real estate development up without putting great big dollars of infrastructure in there. You're constrained environmentally. You can only go so far on condominiums and that kind of thing without all the massive sewage treatment, road systems and all that. So we started all right. We thought we could pull it out that way. We made a little progress, but finally disposed of it. I don't know whether I'm going to let you leave this in the transcript or not, but it was not a unanimous decision to go in there. It was the one time that I can remember distinctly that, as a Board member and also a member of management, I had a conflict of interest in the sense that management does not vote against the chief executive when they sit on a Board. I would have voted against it if I had not been a Senior VP, or whatever I was, Executive VP. Norton recommended it and wanted to go ahead on it and the Board, by some majority, approved it. It had either my silence or vote for, I'm not sure which, but not my conviction about it. But that's hindsight. It might have been possible to make it work. I do think the land development logic was correct. If we hadn't had that as part of the package, I don't think

we would have built a gondola up to the top of Jay Peak. We took it from a day ski area, a pretty light investment kind of a deal, then escalated it up to try to raise the quality of the thing. We got too much money in it and there was no way we could make enough. All the Canadians were coming across and bringing their lunches in a paper sack and buying their lift ticket. There was no way that that would justify the investment base that we had in there. It was too remote, not enough being spent per day, and then we couldn't make the land development thing take off.

Edgerly

So an interesting undertaking and it stands out, as I said. It's kind of unique.

Weyerhaeuser

Well, it's a perfect example of why a big company shouldn't fool around with small things that they don't have any background in. Then we had a lot of people that owned stock in the darn thing, you know, not big investments, but a lot of people. We had some obligations to to keep it running. It was just a sort of a disaster from beginning to end and we couldn't find out how to give it a decent burial. We had at the time some theoreticians on the Board. It didn't have much to do with anything else.

Edgerly

Well, as I said, it's interesting because it is a little unique. Whether it was experimental or not, it represents a corporate try at dealing with a different marketplace, one that deals more with people than the Company does in any other circumstance.

Weyerhaeuser

Well, that's what it was. Yes. And we didn't have any people to bring to that, so we hired people. Some were skiers or people who were running a ski school. We had some crazy guy running the ski school. But who's in a position to judge whether he knows what he's doing, and who's giving the business management on the thing? I tell you, it's hard. You don't send a forester. I think you learn that if you're going into that business, you'd better have some pretty able people at the front end of it making the judgments. It's a hard way to learn. Whether or not it could have been done in that location, I don't know. The history of ski resorts is not particularly encouraging, even with dedicated people who are interested in skiing to run the darn things. It doesn't necessarily mean they're running a business. I think the ski resorts that make money are the great exception, like 20 percent or something like that. And I think they're only the ones that

generally are able to put in enough infrastructure and they've got enough land and can make something much more than just a ski hill.

Edgerly

You mentioned the interest of the Company in acquiring mortgage banking capability through Par-West Financial and certainly the acquisition of GNA moves Weyerhaeuser even more into the world of financial instruments. Yet this is also one of the most competitive segments of the U.S. economy and also still is fairly highly regulated. Can you go over for me the evolution of the Company's philosophy in expanding into the world of mortgage finance and financial instruments, beginning with that period of the late '60s and going up to the present?

Weyerhaeuser

I don't know whether I can or not. I suppose that there are lots of ways to run the mortgage banking business. I think the fact that we got in with a very well-run, conservatively run financial services business, in a sense, bearing some relationship to the construction company that spawned it down there, gave them and us a degree of synergy, if you will. They were originating their own mortgages and then they started originating mortgages for others. In that process, servicing got involved. They did it with minimum capital and risk. You're dealing with financial assets that have relatively low-risk, high-liquidity characteristics. Translated another way: You can manage a pretty big business on a fairly small capital base and do so with a high degree of security. They stayed, in the early days and still preponderantly, in the arena where they were not required to take major financial risks, either in terms of the quality of the securities that they had in portfolio nor in terms of the interest rate futures. They dealt largely in government-insured mortgages and secondary markets and insurance characteristics that placed it in contrast to many financial businesses. The money they made was operational in a sense. They knew what they were doing, knew what their costs were, they didn't expose themselves to undue risk. And then as it grew bigger and stronger and the servicing business itself became of real value, we could and did build a large business. I think we have somewhere between a 10 and 20 times debt to capital ratio and built a pretty big business with a very fine return on equity without undue risk. Now as that's going along, we've expanded into the related activities of venture capital, so we in effect became limited partners and lenders of capital. We had the building expertise tied with the financial expertise so we could work with third parties rather than going into the construction business all over the place ourselves. That's a

spinoff of what they've been doing. We got into the insurance business a little bit, again with a big portfolio of customers out there, selling insurance from that customer base. Expanding a little bit in that field has proved successful. So we've kind of taken little offshoots out of a central business which is pretty well built, pretty well integrated. I think the farther Pardee got into that, the more they began to realize that that helped their basic business and perhaps on its own merits, was a better returning, less risky business than the primary business they were in. And I think we feel the same way. Being a financial intermediary in certain ways is steadier and sounder and less capital-intensive and a higher return business than trying to buy land and wait for 10 years to get through the environmental permit process and then go into the building cycle and then worry about whether you can get enough money out to pay for all that.

Edgerly

So GNA really fits as a successor to that?

Weyerhaeuser

Yes. Now, the next question is where the hell does GNA fit into that or whatever else we might do. Before GNA we looked at the mortgage insurance business and we thought about going into it in different ways. Maybe we'd have gotten a little more interested but Baldwin United stepped in when we'd been working with MGIC, Mortgage Guarantee Insurance Co., for a long time, and took MGIC over. Baldwin had been on a tremendous growth curve - not only they, but the whole industry has gone from nothing to gigantic dimension. Tax-favored; yes, regulated; not regulated enough, I guess, if you'd looked at what some of the SPDAs were doing. You're working with somebody else's money paid in advance, lump sums managed over a fair period of time. Basically the business is can you do a decent job of managing your costs and your communications and generate an investment spread higher than these individuals who are putting them into these tax-favored accounts, can achieve in other ways. So we looked at that and I guess our conclusion was yes, we thought there was a model. You don't have to go the route of a gigantic high growth rate to tap into that flow of funds and manage those assets in such a way that you can generate a spread business reinvesting in sound and secure financial assets on the other side of the deposit base and do so without an immense amount of capital. It is certainly a higher risk in a different kind of business. The way GNA have run it, and I guess that was attractive to us, they were working largely with S&Ls. You don't have to go out and create a great big branch system. There were not a lot of bricks and mortar capital. So what you're talking about is know-how, marketing and investment

managing. I suppose the fact that we didn't have to either buy or build an immense fixed system attracted us. It is not without regulation and not without risk, however. Whether we prove to be highly successful... The field could be absolutely killed by tax legislation and Treasury's provisions would largely do that, I think. We thought we could build a business of reasonable proportions with capital in the size that we really kind of wanted. We said we didn't want to do things that are de minimus around here, that scale is important, so we ought to be building businesses that are capable of getting up into the level of \$50-\$100 million over the startup period. Over a six- or seven-year period, you get to a point where they are significant in what we're doing or else we're not likely to put the management into it. So we don't want to be too small.

That doesn't answer why that business, but we've looked at a whole myriad of so-called financial services type of businesses and there are certain characteristics of risk and competition and growth that we look at. We're interested in expanding on some of those if we can find the right vehicles. But basically it is some combination of not gigantic capital and of some area that seems to be growing where you find a company or a function that has a niche that we think we can manage without having to build a whole new set of skills. In this case, I think there's synergy in the sense that we've got some pretty knowledgeable guys in the money market situation that are either borrowing or lending. In due course, I think we'll bring some of all that to bear in the GNA combination with the mortgage company and our Treasurer's Department. I think we come now from a position of what we feel is pretty good strength in the various aspects of the construction and mortgage business and we've got a very strong borrower's know-how in our Treasurer's Department, so we're coming off a fair amount of skill. There's no way we would have gone into GNA 10 years ago. Now what we might add to that, I don't know. It's building. Of course, we're acquiring more mortgage offices, and we'll have a pretty big enterprise. By pretty big, I mean we'll have enterprises that will probably be managing maybe \$2-\$3 billion of assets. So there's an element of scale and can you afford to and will you make an important commitment to the business? That's people and capital and everything else. So that's part of it. I don't what else I could tell you.

Edgerly

That helps explain the background of that acquisition.

Weyerhaeuser

You know, we've gone into Cornerstone and we've gone into construction lending and, as I said, venture capital in the real estate area. Between the funds gatherers and the funds users, there's some synergy in that you can be generating business opportunities that need funds which can be funded from one or more of these sources. For instance, GNA wants to get variable rate investments so that they can match it with their variable rate in terms of competing for the annuity money. If they can do that, as the money market goes up or down, they could stay competitive on both sides of it and not have a big risk of being committed to long-term investments that are too low if we get inflation and the rates get high. And, on the other side of it, we're trying to use the good offices of the building company and the mortgage company to help generate some variable rate commercial loans and that kind of thing so that they could resell in effect to GNA. So there's some synergy there, even at that level.

Edgerly

It's almost 4:45. I have more questions about that, but I don't know what your schedule is.

Weyerhaeuser

You can go on longer if you want to.

Edgerly

I've talked to some people about the aquaculture program. The way it's been explained to me is that the Company has developed over many years an expertise in monitoring water quality and taking care of water, knowing what it can sustain, what it cannot sustain, and that it was really an attempt to utilize that knowledge that resulted in the aquaculture program. To some degree this even went back to the work with the oysters down in Twin Harbors, I think.

Weyerhaeuser

I think that was the first area in which we began to generate some know-how and experience. We saw the problem coming and decided we'd better know something about it, and so we got some people and studies, and I think we did learn something about it that was helpful.

Edgerly

Do you see the aquaculture program being something that the Company will be interested in in the long term?

Weyerhaeuser

Well, my answer would depend largely on when you asked me the question. If you'd asked me when we started talking, early in 1984, I would have said maybe yes, and as of this juncture, I'd say probably not. We've had all kinds of ideas and ambitions, starting with the basic idea that seafood is gaining in preference and consumption and that the natural sources are getting scarcer and, if not scarcer in general, harder to find, which means more expensive. At some point those curves get to the point where raising in captivity for some portion of their lives or all of it makes sense. We had some conviction on that. I guess the genesis is out of people that were working for us in the water quality area, etc. Then we were aware that Professor Donaldson had done some remarkable things over at the University of Washington and, of course, they were in a little business down in Oregon before we acquired it. Other people, other corporations have gotten interested and have come and gone. We interjected ourselves in that, as I say, on the premise that there were some people that had a jump on technology, spent years at it, that knew in effect how to raise and have return pretty superior fish. We had a certain amount of knowledge about the Japanese history and elsewhere where return rates have been way, way above what one might think would be a reasonable breakeven point for ocean ranching. Now we've looked at raising fish completely in captivity for the pan. It would make a trout-like animal which, when you look at the feeding costs and space costs and all, we haven't found that to be an attractive alternative yet. We thought about pen raising, and that has various drawbacks. We've looked at, worked at, and spent money on prawns. They're very big. They can be raised in fair density. We looked at Brazil, and we were all ready to go. We ran that operation experimentally down in Florida at Homestead for a long time. All of which traveled out of the general theory of there being a valuable product, which we were trying to find a way to make economic sense out of raising in captivity. When you get to the conclusion that you can't afford to feed them to maturity, then you begin to think, well, okay, what about the return rate on releasing to the sea, which would cut your costs way, way down. I think at return rates of 2 percent or thereabouts, you could make a reasonable business out of. We have yet to get over 8/10ths of 1 percent, and we put the investment in the hatchery and the release points, and I think about this year, we're going to write the investment off. We sold part of one of the release sites to BP and we're raising fry or smolt for them. I don't know

how long they're going to stay in it. They're losing money, too, down there. So we've learned an expensive lesson, I guess, that with the best of theories, we haven't been able to make it happen. There are too many variables out there at sea that we can't understand or control. We changed the size of fish release, the time of the fish release, we've done various things on disease, and we made progress, but the progress has not had results. Every time we make a step forward, something else happens, which is El Niño. Or the state can change the fishing pressure, so we get five times as many back and four-fifths of them get caught, and I think the combination of the politics in the thing, which is basically that fish are considered to be a public resource whether you raise them or not - not true in Iceland, not true in Japan (they found ways to make it work there) - but we can't get the permits in Washington and California or Alaska to ocean ranch. That's a political matter. And in Oregon where it is permitted, it's under severe pressure, and I think we kind of throw up our hands and say if we were able to solve the return problem, they'd probably find a way to catch them before we got them. Then we thought well, maybe we could run an efficient hatchery on a large scale for the state. The state doesn't have any money, and it probably would make sense for an enhancement program - forget about who catches them - to raise them for the public for fishing either sport or commercial. I don't know what the physical answer is. Maybe we'll find a way to run a hatchery at a lower level or something. I think we're probably out of the business. We did give up on the prawn, and there were different considerations there. We found that there were things that didn't work that we thought would and got fairly far along. We were ready to go on Brazil on a major scale. We used to think about catfish in the South. But it all emanated, as you said, from water to some perception of technology to some perception in the new business arena that supply and demand curves were going in the right direction at some point, and that point is farther off than we divined, I guess. There weren't the economics that would permit a good return, never have been.

Edgerly

Who was the prime mover in translating the knowledge about water and water resources into aquaculture? Who was the corporate sponsor of that move?

Weyerhaeuser

I ought to be able to recall, but I really can't, which tells you that I don't bear any grudges, anyway. But I've been supporting it all along. We reviewed it regularly over the years, and I don't know how many years we've been at it, but we've put in an awful lot of money. I think by the time we get done, we will have invested \$20-\$25 million in the

combination of losses and facility writeoffs. There are a lot of things we could have done that would have paid off better than that. I don't really know who was carrying the torch in the early days.

Edgerly

I like the idea philosophically. It's a wonderful concept.

Weyerhaeuser

So do I. I just don't want to explain to shareholders what I did with their money. Incidentally, you can have the same kind of level of skepticism about some of the other things, some of the other new ventures, as we strike out into hydroponics. There are a lot of people with good advice around that would say there are an awful lot of people that have fiddled around in that to no avail. I think you could raise questions about the risk/return relationship in tissue culture. I've believed in pushing down a few of these avenues to see if we can develop major businesses out of them. They certainly have not proven successful to date. I guess that hasn't completely changed my mind about supporting a level of activity along these lines. So we're pushing along. I'm still hopeful that we can take the hydroponic thing up to a reasonable scale, and also we're expanding the tissue culture materially. They may be successful small businesses. That's not what we ought to be doing, I mean, if they were only going to remain small, but I guess if we can make them successful on a small scale, at least the possibility exists of expanding them geographically or making something significant out of them. I certainly won't hesitate to do so if we can get reasonable experience under our belts.

Edgerly

To what degree, in your mind, is it feasible for the Company to pay for that kind of experimental knowledge, assuming that eventually the right combination may come along? Is there a point at which you see yourself saying, "Well, finally the shareholders' interest must over a period of years take precedence"?

Weyerhaeuser

I don't think any flash of brilliance comes. I think that, like anything else, has got to be looked at periodically, I won't say continuously in a sense of life or death at any moment. But we are investing a percentage of our technical effort in long-lead developmental kinds of things. It's not a big percentage, but it's significant money. And the percentage of commercial success that emerges out of that kind of effort is low, and

you've got to create some pretty good business opportunities in order to make sense out of it. And a few companies in the United States have done that - not too many. It isn't only a question of how sound are you technically, but it's got a fair degree of risk involved in how you take it to market. That again is people and know-how and persistence and organization. So it's pretty coarse money in a sense that it's high risk and a long way away from the priorities of the present businesses and hard money to come by. I think that it will necessarily be a relatively small percentage of what we're doing. As we shrink our total technical effort back and try to get overhead costs down, why, these kinds of things come under even more scrutiny and pressure. So I don't know where that leads us in terms of the amount of effort, but we're investing several million dollars a year in various forms of long-lead. Maybe 10-15 percent of our budget is out there in time and exploratory kinds of things. It isn't on a hydroponic/aquaculture/tissue culture front but, in a sense, it is related. We're putting a fair amount of basic money into genetic research, and hoping to find the answer or set of answers in terms of a different set of purified products and much lower energy costs using enzymes and letting the bacteria do the work. We don't know whether we'll be able to find the right combination, number one, or even if we do, you have marketing questions.

End of Tape X, side two

Edgerly

This is a continuation of the interview with George Weyerhaeuser, recorded on Wednesday, December 12, 1984. This is Tape XI, Side 1.

Weyerhaeuser

You'd have to label that as fairly far out in time and high risk and obviously, it comes out of the earnings. It gets expensed and is carried for a long time, and even if you're successful, you've got to be successful in a fairly major way in order to pay for all that time value and money over a long period of time. But we're doing some of that. You try to set up some checkpoints and say "This is the nature of what we're trying to do. At point A, I might have some compounds or processes that are capable of doing something, and if we can get into that zone, then we go to another checkpoint and try." But you're dealing with that old random prediction. You can't force it; you know these are scientists that are pretty good in their fields, but they're moving in uncharted waters. It's debatable whether a company like ours - should be doing that kind of research? A lot of people argue that the government should or that basic research ought to reside in universities and businesses basically shouldn't be doing it or can't afford it. I guess the more duress you get under in terms of overall earnings and performance over time, and as you push hard on your priorities, those kinds of things have to be looked at and looked at hard. We're doing the same thing on aquaculture and some of these other things. If we were going onward and upward, and I could devote 10 percent of an ever-growing budget or 5 percent or some other portion, we might not have to repriorize or at least not as often. I guess that the conventional wisdom would say that activities suffer when, like advertising and like archives and like a lot of other things, you cannot say "You must do them." When you cannot say "You must do it" and you're telling a lot of other parts of the business "You've got to do it better" and they say, "Okay, I can do it better, but I don't have the resources to do it better," that's where the crunch comes. I probably should run.

Edgerly

This was the conclusion of the interview conducted on Wednesday, December 12, 1984. The interview continues on Friday, December 14, 1984.

Weyerhaeuser

Let's talk about research.

Edgerly

Okay. From a broad perspective, taking harvesting, conversion, pulping and energy use, in what area would you say that the technology research that the Company has done over the last 15 years has been most beneficial to profits?

Weyerhaeuser

That will be very hard to answer. First of all, I think maybe you're asking it broader than this, but just keying on profit contribution, the nature of what we do in forests is that we are creating future values, and we're creating them with some substantial element of current expenses. Let's assume we're not even talking about the quality of the program at all. Let's say everything we undertook was successfully undertaken in terms of research in the forest management arena. The effect of that success would be reflected in increased current expenses. In a profit and loss sense, the better you did, the less you would see. It is very hard to set that kind of activity up against, let's say, energy, where the first order effect of energy investments and energy technology improvements is probably capital improvements and operating improvements. In the case of operating techniques and improvements flowing from technology, you have an almost immediate effect of reduction or of fuel consumption or fuel conservation, which immediately affects costs and immediately affects market. I think that the energy side has both retroactively and prospectively probably the largest single impact in a profit-affecting sense. I think as far as a longer-term, sustained, successful effort, the reforestation techniques have probably done more to enhance the future values than anything else we've done. And I can't balance those in a present value sense. In other words, I think that the fact that we are managing six million acres of land with such a tremendous asset base, and you apply the improvement in techniques against that and it works over such a long period of time, that it is a very significant contribution. I would say with some degree of confidence that it's been well done, has had a significant effect and has been well warranted in economic terms by the enhanced productivity and quality of the timber stands that we're creating. Those values are realized over a very long period of time, so it's difficult.

Edgerly

I see that my question....

Weyerhaeuser

Well, it's not only the way you phrased the question. It's also a difficult judgment, as is the decision to make investments and hold them in a forest base because they are so subject to the future vagaries of supply and demand and technological change in the utilization of. By their very nature they pose very, very imponderable questions about whether or not they are even sensible in economic terms, particularly with very high interest rates, which translate into very high premiums placed on something that produces early rather than late. So the nature of growing trees is such that it is seriously affected by the value of capital in alternate uses. When capital is very cheap; you can afford to employ it over long periods of time, obviously. You're in better shape growing trees then as opposed to when interest rates are 20 percent or 15 percent. When it's something you're going to realize 20 years later with those kinds of compounding interest rates implicit against the asset base, you have to get very, very high returns, you have to get very, very big improvements in terms of yield in order to really say that a major part of your resource ought to be tied up in those kinds of assets. So the pressures have been growing against us. Obviously, they ran with us for quite a while when the demand for the products were rising, supply was tending to fall and there was a very substantial rate of appreciation occurring in timber relative to other commodities or other types of businesses. That condition prevailed for quite a long time - really from the '40s; I don't mean every year, but on trend. If you had to pick the golden era of timber value appreciation in the United States, it would have been from 1940 to 1980. Within that period, there were cycles. I don't mean that it's over forever. I just mean that the rate of real appreciation in timber just had never gone through that kind of a long-term, sustained value relative to other things or relative to capital. With the very, very big change in monetary policy and inflation and hence in the real interest rates and the value of capital, we had a very, very big change in 1979, which shifted the balance towards financial assets and away from basic assets and commodities. Well, that isn't what we were starting to talk about. All that sort of sets timber and those activities in their special category, which is the nature of what they are. It's quite severable and different than anything else that I can think of, that I have become familiar with. I wouldn't know how to draw a parallel with anything else that has that kind of inherent characteristic of the time dimension being longer than anything else.

Edgerly

Would it be possible to look at it in smaller pieces. If you could identify a technological advance that's been based on research at Weyerhaeuser in the areas of harvesting, conversion, energy use, what would be the ones that you would say would be most important, whether we can say that affected profits in a direct way or ultimately had a payout of a longer term?

Weyerhaeuser

No, it's very hard for me to pick individual things. I think there isn't any question that some of the things that have been done in terms of harvesting mechanization and improvements that are being made in terms of utilization, for example the ability to go in and mechanically handle harvesting in the South, has been and will be one of the most important value determinants for the crops. We were, and the industry is going to be, facing very, very different kinds of handling problems as the forest character changes. We have been, I think, quite successful in developing new approaches and equipment to handle the very, very large piece counts and very small wood content per piece. That doesn't all come out of the lab by any means; it's a combination of field work and technology support, machinery design, field applications. The same thing is true, even though I set it aside in terms of the techniques associated with planting and bedding and drainage, the application of fertilizers - in all of these things we have made very significant strides and improvements, which have the effect of reducing the costs of either handling or, in the first instance, of getting in place and supporting a plantation forest. So there's been a lot of progress there, and there will be more. Of course, the handling of small stems in terms of separation of the wood from the bark and the tops and the limbs, and the development of fuel vs. chips and stems is progressing, and they have made great progress and we're going to make more in that arena.

Turning over to the energy side, now you've got a situation where energy became very, very much more expensive or valuable, depending on how you look at it. I think we've done a very good job of developing improved techniques of handling various fuels, of improving the efficiency with which they're processed and burned. Of course, there's a lot more to be done there: the replacement of petroleum fuels with wood and coal, improving the knowledge of how to handle and burn, increasing also our knowledge of how to modify the burning systems - the boilers - that is underway, and a lot of progress has been made there. We're probably half-way through it. So that using wood increasingly as a substitute for petroleum is an important set of economics, particularly for the fiber

units who are big energy consumers. It is not confined to that. I think that a lot of progress has been made and will be made on improved firing and in the recovery boilers in the pulp mills. Over in the pulp and paper area, I think we have learned a lot about how to instrument and control our process steps within very much improved limits so that the efficiency with which these processes are carried out have been coming up very markedly. We didn't invent it all - it's a combination of some technology knowledge, some pilot planning, and some engineering, and some operational improvements, and we're in the midst of - we and other industries - a revolution in the sense that the instrumentation, computing and control mechanisms available to us are very, very much improved. From somewhat crude control and very much hand/eye/operator dependency we're moving to a fair degree of instrumentation and computing control or, short of that, at least a great deal of information available, visibly displayed so that the operators are aided to the point where they essentially can monitor rather than have to walk around and discover and see by eye. So the response time is very much improved. So that's really sort of in the energy and pulp and paper process area.

We have not been particularly successful at or placing a very high priority on product development, as a general statement. Now there are notable exceptions to that. In history we had a fair amount more of product development. And, of course, we are trying hard now to increase that again. But in terms of looking over the past decade or so, there's no question that that's been a somewhat lower priority and there are no outstanding successes that I would be able to point to. I think that they've done a very good job in the development of Structurwood, but that's sort of the exceptional statement. I think we've been working on significant improvements in various parts of the lumber control, but again, that's more in the process of scanning, automation, uniformity of grading and better control over strength measurement. So we're getting more of an engineered product out there, but it's still more on the technical, stress, and grading control than it is the development of new products.

I think one of the primary areas, if you said ten years back/ten years forward, has got to be key, and it will affect and has affected short-term profits, is the whole process instrumentation and control and improvement area. There's a lot of technology change going on from outside, and what we're doing is trying to get up front in terms of having the technical know-how, being right there as these developments take place, and then upgrading our people with training. That's probably the primary area that our technical efforts have gone into. It's somewhat of a misnomer to characterize our program as

research. It is the application of technology, but that's largely applied rather than invented, and there's a fair element of technical service to the operations and a pretty strong element of technical support to change in our processes. That's after you've set aside the work on the forest side, the genetics. We, of course, have a fair amount of support going to our new businesses. There's a certain amount of technical effort directed to staying right up to snuff on disposable products and nursery operations have an element of tissue culture and supporting new businesses in the technical aspects. But, if you start trying to "bottom-line" those efforts, I think it would be fair to say that we have devoted an awful lot of resources to the technology side. We have probably done more than most, if not all, of our competition. I would be very hard-pressed to say that that was, looking across the last decade, fully justified in terms of the level of effort and the expenses that have been incurred. I feel that we should continue to be among the leaders in our field. I think we are, and we're going to do so with something less of a level of effort and level of money. I suppose I feel that way partly because I think the discussion we had about timber as an investment, a profit-contributor, as it's affected by interest rates and higher-value financial assets as a result, a change in the value of financial assets resulting from getting off of the inflationary kick and exercising some control over the printing of money in this country. You have a higher hurdle rate for things that take a long time and that applies to research. It's not as directly controllable and it's not as directly measurable, and it certainly has some of the characteristics of growing timber. You're growing either ideas or processes or products, and they both take a long time, they have a high incidence of failure in the new ideas area, and they are expensive to try to bring to fruition. With high money costs, high value of financial assets, it makes it much, much more competitive and more difficult to find the right priority for these kinds of efforts. So we have been scaling back our internal engineering and buying more it off the shelf - outside engineering - when we need it. I think the same thing is what we're tending towards in terms of our invent and/or develop vs. purchase in the product or process area. On the other hand, we have very large systems, and we want to be sure we're up to speed in terms of technology, so we have the scale and the need to do a good job internally as well. It's just a question of balance and relative size of the effort inside vs. procured.

Edgerly

Where does the development of the thermomechanical pulping process and the development of the TM mill fit into the picture of Weyerhaeuser's effort to develop a technology and apply it and, in the final analysis, find that it didn't produce as was anticipated?

Weyerhaeuser

You're thinking about Everett?

Edgerly

Yes. In other words, how do you class that in terms of this technological development effort? What did the company learn?

Weyerhaeuser

Oh, I don't know. There are a lot of aspects to that. I'm not sure if I can recall them. I'm not sure there's any global application of the lessons we learned. We started with a millsite, a people/equipment/sulfite problem in terms of water pollution, of air pollution next to a residential district. Environmental problems were coming to bear on a dissolving pulp mill whose product line was, as a generality, worldwide losing market share. It was a mill that had worked very well for us over many years, and we had good technical capabilities, and we were looking for an alternate use of the people, the facilities, etc. Obviously, thermomechanical pulp does not generate the waste streams either in the air or in the water. It's a much higher-yield product and we thought we could get it into diapers, and for some time we did. Trying to add facilities on an old site with a lot of obsolescence in the supporting structure may not have been wise. It was a very difficult thing to do. You can wind up spending an awful lot of money trying to operate on a site that's got new equipment scattered amongst old, and there are maintenance problems and infrastructure problems. With the benefit of hindsight, I don't think if you hadn't been there and you hadn't been imbedded there, you would not have done it in the way we did. We probably spent too much time and effort in an attempt to make something old renew itself. But, at the bottom line, we had hoped that we would be able to make that mill supply Procter & Gamble with an improved fiber over an extended length of time and relife it on a very solid marketing basis. I can't tell you the technical reasons, but I don't think that that TM pulp turned out to be as good a product as the chemical fluff pulps that have emerged. We were selling some of it in Europe and some to Procter & Gamble. I'm not sure which came first, the chicken or the egg, but I think we also were on a reduced cycle of supply to Procter & Gamble. Now whether that was partly because this fiber didn't really react quite as well as we expected it to, I don't know. With the benefit of hindsight, mechanical pulps have not turned out to be as cost-effective as we expected them to be in the Northwest, because the relative costs of chemicals have gone down and power has gone up. Now mechanical pulps consume a lot of power, produce a

higher yield and produce generally different fiber qualities - generally lower - and it's not as refined as chemical extraction. One of the drivers on the economics certainly was the power-chemical relationship, and that's changed. It's changed in the world; it's certainly changed in the Northwest. So that I think if we were to look today and say "What did we think we were going to be able to do?" We thought we were going to see a very strong trend towards mechanical fibers which has not occurred. That has some implications with respect to newsprint and other things as well. Peculiar to the Northwest, our power costs, of course, have trebled, oh probably more than that. I don't know what it would be, but I think we were paying something like three or four mills for power and we're now paying 24, so it's six to one over a 10-year, 15-year period, something like that. Somewhere in between there, and on the lower side of in between, is where we expected power rates to go before WWPS and all the problems with it. So, lessons learned? I don't know that the power-chemical thing will be repeated. It is a fact that that went unfavorably. The product quality made from TMP might have been acceptable at the time we did it, but other developments in fluff pulp, I think, obsoleted it. In other words, it went for a better product.

Now, we've done other things that were trying to advance technology in pulp and paper. We've tried very hard, for that matter we're still trying, to reduce the effluent impact of pulping, of different types of bleaching. We had the Everett kraft technology project which wound up putting a lot of equipment into Everett. We tried to advance a lot of things, several of which were not successful. We wound up with a lot of equipment on our hands in a small mill which I would say, with the benefit of hindsight, was a failure. We were, in that instance, trying to go to mill scale, with the pilot plant on a large scale, and bring in some things that could have been significant breakthroughs in kraft pulping. Now other things are being pursued in different locations, different ways, and certainly oxygen is increasingly being introduced into our mills and others', trying to get away from some of the old chlorine and caustic extraction effluents. Chlorination creates effluents that cannot be handled in recovery boilers and therefore winds up in the water streams and we're post-treating those effluent streams with aeration and settling. Chemicals are expensive, handling is expensive, the water consequences are difficult to handle. So the industry is capital-intensive, chemical-intensive, energy-intensive, and there are a lot of things that are worthy of quite a lot of technical effort. Now, who's going to invent the solutions - well, we're in Sweden and to some degree here, and we're trying to implement some things ourselves, lead some, apply others. Progress has been substantial. I think there will be a lot more in the next 10 or 15 years. To what degree

we can stay right up front on that or get right up front is differential by technology and by the sector that you're talking about. I think that we're, at the very least, going to be aware of what's going on all around the world and we're going to try to apply it rather rapidly. To what degree we may be able to develop it first - it isn't necessarily that we want to be a leader simply for the sake of being first. Sometimes the first people through incur all the headaches and you're better off to be a fast second. Either you learn from their errors or you license or whatever.

One of the most significant things that we did successfully lead in application was the extended nip press which we worked on with the Beloit very successfully, probably the most dramatic single improvement in our linerboard operations. It has proved to be a real winner in cost and quality and many of our competitors have followed us with installations.

Edgerly

The interview conducted with George Weyerhaeuser on Friday, December 14, 1984 continues on Tape XI, Side 2.

Edgerly

This is a continuation of the interview with George Weyerhaeuser recorded on Friday, December 14, 1984. This is Tape XI, Side 2.

Edgerly

I need a basic introduction to this subject.

Weyerhaeuser

Well, I don't know... I only mention it in that it is a way, working with the supplier of equipment, where we decided that we had something that was important. We encouraged them to go ahead. We worked over a period of years. We installed one, then we installed maybe four or five of them. They've turned around and licensed others in the industry. So that's an example of a development of a piece of a process, namely the drying of linerboard, that applied successfully to technology and engineering, and improved the product, improved the cost, it used mechanical energy in place of BTUs to press water out more effectively and did so in such a way that the capital required to install was relatively small in regard to the benefits that accrued. We got a very, very good combination of process economics and did so without degrading the product; in fact, we

upgraded the product. So we got both quality and cost in one move. Now, in contrast to Everett TMP, where we were trying to get cost and get a substitute product, the product was not good enough to keep up with what later evolved against it in terms of evolution in fluff pulps.

Edgerly

It's interesting that in the case of the TM mill, you were working with Procter & Gamble, I believe, to develop that. In this case, Weyerhaeuser was sort of in the other position, in a way.

Weyerhaeuser

Well, we were applying, but the basic thrust there was improved process itself, and obviously if you can change your process and not affect your marketing or your product, you have removed one risk. You know, you don't have the marketing innovation side of it; you don't have the technical effect on the product. In this case, the product turned out to be a little better, but essentially the thrust of it was from the equipment side, which is - some combination of innovation and process engineering. And in this industry's history, most of the developments have come from machinery suppliers. In this case, it was in concert with a primary machinery supplier. We're over on the technical rather than product and marketing side. Those things are easier in the sense that they don't bring as many variables as product development. You don't have to have the working relationship, the close understanding of the engineering of the product with your customer, or whoever's processing further your product. We and others, and I think certainly we, have been better at working on the production side and engineering side than in the marketing innovation. Of course, we're trying to change that. I mean, you wind up, when you say that, with an undifferentiated product, because you're not introducing product design into the question very often. So the flip side of that is, you're producing to standards that everybody else is producing to, so you're producing a commodity, and the only way you can differentiate yourself, then, and make a better living than anybody else, is to produce it cheaper or better - cheaper is the bottom line, I suppose. That's tentative, that's sort of a description of a commodity producer. It's your low unit cost and that's a combination of can you build the mills efficiently and can you operate them at low cost and have better controls? That's sort of been the nature of much of what this Company's done over history. We've got massive quantities of land and materials and producing them at big plants at high speeds. We are then marketing them broadly geographically in commodity segments and competing with world commodities

really. That all flows from being a very large-scale raw material producer processing large volumes. It isn't the only thing we can do or should do, but that's been it. That, being supported with a fairly strong process technology group and effort, is primarily what we're doing.

Edgerly

On the research side, in terms of product development, I guess the one that stands out in my mind was the cooperative effort to develop the beverage container, Project 714 as it was known around here, and one that was entered into with another company involved. That one was not successful in terms of final application. In Weyerhaeuser's terms, what are the potential benefits of working on a cooperative basis, in cooperative ventures of that sort, and what potential is there for selling to others the Company's research and development capabilities?

Weyerhaeuser

Oh, you threw a curve on that last part of that question. I don't know about the selling - that's quite different. There are a lot of things that we may know how to do or are in the process of developing, or solving some problems that we intend to apply or even working with somebody on a joint product development, as you suggest. Those are quite different than the last question, which is how about then broadening your base.

Edgerly

Let's break it in two, then. Let's look at the cooperative venture opportunities that have been successful, or one that you think would be a successful example.

Weyerhaeuser

I'm pretty hard-pressed to think of one, and that's probably completely unfair, but nothing comes leaping into my mind where we have been highly successful at development of a major product innovation with a customer that survived over an extended length of time. We certainly worked very hard and long with Procter & Gamble and it made a lot of sense. It was a very, very large customer, a field we were interested in. We felt it was a rapid growth field, and being hooked strong technically - not joint venturing, but getting strong technical support - with the leading factor in that industry, potentially carried with it major benefits. Now obviously, a leader in the field is interested in multiple sources of supply and he's looking at it from a different point of view. Joint venturing a technical development or whatever does not automatically

ensure that the business relationship and the growth are going to come naturally with it. But I think it does give you the strength of a strong market position and strong marketer with a strong technical effort. The producer can sometimes come up with major technological change which is applicable and you've hedged the market. Presumably the marketer brings with it enough knowledge so that you've much reduced anyway the marketing risk. At the same time, you worked the technical risk problem together.

Edgerly

Has Weyerhaeuser Company really been successful in doing that?

Weyerhaeuser

Well, of course, in the dissolving pulps, we worked for a long, long time, long and hard with DuPont and others to make sure that our pulps performed in their products and in their processes, whether it be viscose rayon or whatever. So where you've got something where you've got a big industrial customer, where his process is expensive and your product has to continuously qualify and make that it doesn't foul up, that your specifications and all are keyed very directly to his needs, there we have worked in the pulp area for many years, and quite successfully. That's where we had these industrially-oriented products. That's quite different. Now, the paper-making process is a much grosser process. You mix all this stuff together with water at high speed and other fibers, so that there are parallels there, understanding how your paper-making pulps perform. And we do work with our customers. We know how different specifications of our pulps perform under different conditions, and we try to understand and work with our customers. That's technical service back to basic product control technology. That's not joint venture. I suppose NORPAC is a combination that has successfully coped with the long-distance support to the newspapers in Japan, working with Jujo, where we very clearly had to make our product perform out of a different set of woods and a different set of machines than typically supply the Japanese newspapers. They're running very, very large operations at very high speeds. Their presses, and how that sheet performs, its fiber characteristics, its strength characteristics, the way those rolls are handled and arrive, the moisture content of them, everything.... It had to be moved across the ocean. So there we, working with Jujo, who in this case is not the consumer, it's in the business of supplying that consumer and staying coupled with them on quality questions, them working with us. We really worked in parallel to get to that same end point. Now that's a good illustration. Again, I'm talking about technical service, technical control, product specifications, more than I am the development of a product. But, in a sense, it

was the development. We knew where the paper was going to be used. We knew what the product had to do performance-wise, but we had to go from our woods and a different set of machines and be able to say, "Can we produce to that quality and specification?"

I think there are a lot of benefits associated with knowing how the product is to be used. We're a long, long way away from customers, in a sense, or from final users of many of our products, so to the degree that we can work with the people who are directly interfacing with the final customers or final use, it strengthens you. Oh, I can just go through time and time again. In the milk carton field, we were servicing dairies. From the very beginning, an awful lot of the marketing and the success of the product is tied into the machinery in the dairies. We literally had to know as much as we could about the machinery in those dairies - how our stock ran and whether the thing sealed or whether they produced leakers, and how it prints, and what temperature, what kinds of things do we need to do to make sure that that thing functions right. That was the same thing in Project 714. We working with a material, a new kind of material, and we were trying to fabricate it into cans and other things at very high speeds. Their economics would not allow anything different. And then you had to be sure that you had full consistency and product integrity when it got sealed - not a lot different than the milk carton problem. And the milk cartons still have problems. You can't open the damn things, or they leak, or they.... A certain amount of that and you're all done. That's not just a product design problem - it is a consistency problem, deliverability under control in final form. So if you're selling to somebody who's putting something in a final form, there are some real advantages of being very close. The same thing we're trying to do with the aseptic packaging now, where we're trying to see what is it they need in the way of different kinds of specifications for high-speed forming and heat application, and they don't need a fully bleached board. So we would like to become, if we could find the right kind of mix of fibers and processing to meet their specifications - meet or improve them - we could establish a large-scale enterprise dedicated to that effort and in a sense joint ventured. Whether we own it all or enter into a long-term contract or - it's quite a different thrust than making a standard product and trying to shop it around and compete with a whole lot of people.

Edgerly

With a project like 714, how does Weyerhaeuser represent its costs to the company that it's working with in that event? Or in the case of working with DuPont, does DuPont put in a certain amount of money to reach a certain point of research development?

Weyerhaeuser

No, I think maybe we have joint objectives and they carry a part of the project - their own part of it, and we carry our part. Generally, we're not selling the technology; we're selling the product, and we incur the costs of development. So we haven't had joint technology. Now down here, we've spent quite a little time with Cetus on biotechnology, and we spent a lot of time talking about who's going to do what, who's going to own what. That's a fair amount of money going into it. They're doing some of the research, we're doing some of the research, we're paying for some of what they're doing. This is an area where we really kind of have them carry the part where they're the leaders in the field because we're not. But certain parts of it - our materials and applications and all - are something we can do. Essentially, what we're doing is paying them to do a part of our research work. That's different. I can't think of any instances where we have put a project together with a customer where they've paid a part of our technology cost. (Off the top of my head.)

Edgerly

In the early '70s, there was clearly an effort to reevaluate the research and technology development functions in the Company, and that, then, began to evolve through the mid-'70s into the decision to unify the research, development, technology engineering here at Corporate Headquarters, with the exception probably of some of the forestry research.

Weyerhaeuser

Well, it wasn't an exception in the study. We at one point thought we would pull that in largely, too. Not obviously the field work in the sense of supporting seed orchards and that kind of thing. But we certainly did look at Centralia and the forestry research activities and thought about bringing them up here. I think wisely, and with their input, too, their initiation of raising a flag and saying, "Hey, does this make sense?," we took another look at that and decided that no, maybe they were right. There were enough advantages to being out in the midst of the western operations and out in the field that we didn't choose to pull that one in. But we had these various labs scattered around Longview and, oh, I guess, we had some work going on in Hot Springs, and then the Longview wood products and pulp got separated. We did decide we wanted to pull it together geographically and give it central support services and central scientific services. We thought we could get better scale and dimension out of the effort by doing it that way. While it is a big research and development effort, there is a matter of

scale. I mean, the other companies, textbooks, and others support the proposition that there are certain optimal levels below which you shouldn't go in terms of size of units trying to carry on research activity. We have some obvious commonality in terms of the technical aspects of various businesses we're in. Cutting across the pulp and paper lines, obviously some of the fundamentals on the energy side and the pulping and the bleaching have a good deal of commonality. So it doesn't make sense to have everything conducted on a business-by-business basis. Of course, we had Fitchburg back there doing some of its own paper research as well, sensibly so when we had a lot of technical papers and coatings and all that applied only to them. We tried to look at the research missions, not just the physical location, and the administration parts of how to conduct it when they pulled it together. I don't know what to conclude from all that except that even if you get people together in one location, you still have all of the various functions you're trying to carry out, some of which relate to mills, some which relate to businesses, the marketing, the product development side of it. And some relate to process issues, which are really manufacturing, production, basic kind of direction, which at various times has been resident up here in Tacoma and with different functions, either under the production management or under division management. So the organizational issues surrounding where do you conduct what are not uncomplicated, and unfortunately, there's no simple and universal solution to them. At least I don't think we've found it.

Edgerly

Was the basic evaluation of making a major investment in a central facility one that came from a variety of people in the Company, or was there one person who got the ball rolling in evaluating that?

Weyerhaeuser

Well, it was probably four or five of us. My memory isn't very good, but I'm pretty sure that Merrill Robison and I and Bob Pauley made the key decision on it. Now that isn't to say we didn't have a lot of work going on, a lot of effort being directed about studying the thing, but I think we would have been the primary pushers. It had to do some with how you wanted to direct the Company from where. I felt then - I still do, I guess - that I wanted the improvement of the proximity of the technical people and the business guys that were directing the strategy.

Edgerly

Was Bob Pauley sympathetic to that position?

Weyerhaeuser

I think so. I don't remember any great stress and strain arriving at this decision. That isn't to say that nobody questioned it. It wasn't a traumatic fight within the Company to get it done. We do have them occasionally, but that one I don't recall.

Edgerly

You mean you and Bob?

Weyerhaeuser

No, no.

Edgerly

Oh, amongst other people.

Weyerhaeuser

...people pro and con in major change.

Edgerly

Did you get to know Bob pretty well during the time he was working with the Company?

Weyerhaeuser

Oh, fairly well. I worked with him for a long time in various capacities.

Edgerly

How would you assess his impact on the Company's research and development efforts?

Weyerhaeuser

I don't know that I could characterize it. I think Bob gave it a considerable amount of direction, support, a lot of experience, a good deal of positive credibility to the effort, and a variety of experiences all the way from technical to business over a long period of time. I'm really talking about it from my vantage point more than I am looking from a research point. We worked with Stan Gregory for a long time, developing a research direction.

Edgerly

The three people who stand out, insofar as I can see, probably would be Bob Pauley and Stan Gregory and I guess George Staebler on the forestry side of it. In relative terms, was communication good amongst them?

Weyerhaeuser

I think so. These all grew up separately, as is our wont. Forestry had its own history, tied in with its own business in the early days, was completely separate and apart under Dave Weyerhaeuser's general direction, and operated as such. As we tied them into the High Yield Forest and all, got very much more integrated with the business guys. We were all working together. The Pulp Division went its own way, was set up in its own fashion at the beginning, and evolved its own technical effort completely separate. Pretty well done, I think. Didn't have any relationship with any other part of the corporation's technical efforts. That same thing would be true if you said it of the Pulp Division in general, of its top administration, of its marketing, of its technical effort, you name it, manufacturing. Then, as we got into the linerboard, boxes, those entities - the box-making side was independent, still is to some degree. So each one of these has evolved with a fair amount of autonomy by business. We, of course, were pulling that together and pulled the research physically together. Those two statements are not completely independent.

Edgerly

What was the magical element, or seemingly magical element, that brought those independent efforts together in such a unique way in the High Yield Forestry research and development, or so-called target forest, as it was known in its earliest stages?

Weyerhaeuser

Well, I don't think very many times in this Company and maybe in other companies, you find a combination of an important but isolatable part of your business where you span the full range of things with a new look where it doesn't have to come up against a whole lot of infrastructure and bureaucracy and set facilities. There's something different about forests and forest management that sets them apart for a lot of reasons. We talked about some ways to set it apart. But it is different - there's no equivalent. The time horizon is different; the whole set of objectives is associated in this Company with the whole - what are we trying to do, where are we trying to go? When we stood back to

look at that whole thing, it came all the way to me, and maybe the uniqueness is that we therefore were able to take a look at various options operationally and economically and financially. Those elements then involved us, the technicians and the operational people and the financial managerial ranks. I think when we got through looking at that, we decided we were going to go on a different course, we did it with a great deal more conviction and support from the top than is normally the case when you fractionate things out. In many cases, you've got marketing and sales over in one place and production somewhere else and corporate considerations somewhere else. In this case we had a central, integrated team that I think had a different clarity and different sense of mission and higher-level support than most of what we do. I've tried in other areas to do things like that, but generally they get bogged down in the organizational. They get watered down as you try to accommodate the various other pressures. I don't mean that the other pressures are invalid pressures. I don't mean it's entirely political. We developed a level of enthusiasm and excitement, and introduced major change and a new sense of mission in there, and mounted a lot of activities. We drew in people from a very good base in the technical area. There'd been an investment, and a successful one, in the forestry research area. A nice combination, but it was all supported by a growth objective and a set of financial objectives and a conviction that it that makes sense on all these fronts. So we energized a lot of people. It's a lot harder to do with something that's a scattered technical effort. As big as it is, it's fine to answer the telephone, take care of technical requirements at a whole lot of different mills working on a myriad of different projects, some of which have potential that affects the Company, some of which are of a nature that they might be of great significance to one unit or one place, but not broadly so, not integrative particularly. You've got a mixture of product and process. By the time you divide that, you're dealing with a lot of \$20,000 or \$30,000 projects, and that does not allow it to have a full court press by manufacturing, engineering, etc.. So it's fractionated. Some of it's long-time horizon and nobody knows what's going on there except the research director and the people who are working on it. Maybe once a year somebody will take a look at it - I do, or others do on a basic level. That doesn't mean a hoot to 98 percent of the people. How do you get some sense of urgency and mission and organizational involvement in that? I think it is a problem of scale and fractionation and divided responsibility, which incidentally is one of the problems of trying to introduce new products too. They need careful care and feeding, and it's hard in a big organization to get them that. Even if you get them that, it doesn't happen with the same kind of degree of awareness, feedback and support. So you go along underwriting a whole lot of this year by year, with various degrees of conviction at

different levels that the things they're working on make sense. It's a very difficult area to management, to set priorities, to evaluate.

Edgerly

The High Yield Forestry research effort strikes me as being unique in the Company for another reason, and I'm not sure whether this has any significance other than just as a historical point, but I've not been able to find any other example in which the Company made a strong communications and marketing effort relative to a research-based project. The communications effort extended from the employee level right through what finally would be a product and reaching the people who would be using products made from the forests that were going to be grown in this way, even though they might not see those products on the shelf for some years to come. Do you have any recollections about how the Company made the decision to utilize that opportunity as a corporate image builder, as part of its corporate image? Was that conscious?

Weyerhaeuser

Yes, certainly. The reason being, of course, that forestry and stewardship and continuity - all that was so much a part of our corporate image. We had a corporate image, a conscious corporate image, that started early, and we were furthering that. All that have had some responsibility in the general management of the Company, the history of the Company, and everything else, we're very much cognizant of the fact that our stewardship of those lands is pretty central to everything else we do, and we did not in any way, manner or shape want to be misread that we were (1) abandoning sustained yield forestry, (2) that we were cutting out and getting out. Just as I said with Dierks, the more aggressive posture we were taking could be misread, misconstrued as being negative. So, you bet, we were cognizant of it and, of course, all of our public affairs and our advertising, corporate image - it hadn't gone away, so we had to integrate and do a good job of it. And we wanted people inside the Company to understand and the foresters to understand, too. We felt they had good, sound both economic and technical foundations. But it was not obvious to the uninitiated and would not be if we didn't articulate what it was we were doing and why we were doing it, make it credible. And we were flying in the face of all the conventional wisdom in the Forest Service and everywhere else.

Tape XII, Side 1

Edgerly

This is a continuation of the interview recorded with George Weyerhaeuser on Friday, December 14, 1984. This is Tape XII, Side 1.

Weyerhaeuser

Parenthetically, we could have been aligned thereby with a hell of a lot of people who were doing nothing out there and rapidly cutting their stands and going on to something else. Meeting the state's forestry laws was somewhere between inadequate and nothing. And, of course, the implications of what we were doing then spread throughout the Company in terms of the downstream effect of higher harvest levels and higher cash generation, higher growth rates. In one sense, it was an extension of what we were doing, and in other, a fairly radical departure which was going to be affecting a lot of things beyond just the woods. We went at it pretty darn vigorously and thoroughly. And I think in that sense it was a pretty exciting time and engaged a lot of people successfully in the effort. I'm going to have to go over to a lunch at the Technical Center.

Edgerly

This is the end of the interview recorded with George Weyerhaeuser on Friday, December 14, 1984.