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75-9

G. BUSINESS ——— HRM Export Co. : W.J. V. , 1942

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lan, H.R.
LLECTIONS :

PLEASE RETAIN
ORIGINAL ORDER

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Vancouver, B. C.
March 13, 1942.

ORIGINAL sent to Mr Justice Davis
March 19, 1942.

Mr. H.R. MacMillan,
MONTREAL, P.Q.

Dear H.R.

I thought you would be interested in reading a
memorandum from Kennedy re Henry Marsh.

I am enclosing the whole file as I thought you
might like to pass it along to Justice Davis.

Sincerely,
(sgd) Van

WJV:McC

G. BUSINESS

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H.R. MACMILLAN EXPORT COMPANY LIMITED

INTER-OFFICE CORRESPONDENCE

TO Mr. W. J. Van Dusen

March 13th, 1942

FROM A. C. Kennedy

SUBJECT Henry Marsh

Dear Sir:

With reference to correspondence you received from Mr. MacMillan concerning a naturalized German by the name of Mr. Henry Marsh, after reading over the correspondence in this connection I can appreciate Mr. Marsh's position. His only chance of work is with a small firm which does not have the facilities to supervise employment, and in this case he will only retain such employment until the management learns of his background, information of which usually comes indirectly from other employees of the company.

I agree with Mr. Davis' letter that it is very unfortunate and unfair that individuals such as Mr. Marsh should be put in a position where they are passed on from one firm to another and not given a chance to make a decent living. However, the employer is faced with a real problem. You will recall that shortly after war was declared, it was rumoured in the newspapers in Vancouver that we had a large number of Germans employed at our two plants on the Fraser River. This rumour apparently ^{was} started by the returned soldiers' organizations. It was possible at that time for us to prove to our employees that this information was incorrect, and we went so far as to give them a list of the various nationalities employed at the plant, which at that time included two unnaturalized Germans and about six holding naturalization papers. Since September 1939 we have on many occasions been approached by our employees through their Committee representatives, requesting information as to the type of new employee being hired by the Company, their contention being that there were too many employees being taken on with foreign names. Fortunately, we have been in a position to prove that since September 1939 we have employed only people of British background and those persons who are naturalized Canadians and whose nationality was that of a friendly nation. In other words, we have been following the policy of not even employing unnaturalized persons of friendly nations, with the exception of course of Americans. This latter restriction has been slightly broken of recent months.

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I think you will also recall that in 1940 we put on an extensive "Buy British" programme, and in Port Alberni where we have not been so strict with regard to employment regulations, we heard rumours of criticism from employees who stated: "If we are to buy British, why don't we hire British?"

In view of the attitude of our employees and the policies put into effect through our Employees' Conference Committee, it would be impossible in our case to attempt to employ a man such as Henry Marsh. A large percentage of our employees are returned soldiers and any move on our part to hire persons of German and Italian background at either the Canadian White Pine Co. or at the MacMillan Industries Limited would immediately bring protests from such organizations as the Canadian Legion, and would definitely disrupt our present labour relations policy.

There are a number of persons in Vancouver in the same position as that in which Mr. Marsh finds himself. What is to be done with these persons is a problem which in my opinion could be settled only by the authorities.

Yours very truly,

(sgd) A.C.Kennedy

A. C. Kennedy

ACK/DP

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HEM Export Co. : W.S.V., 1942

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Vancouver, B.C.
January 29th, 1942.

Mr. H.R. MacMillan,
MONTREAL, P.Q.

Dear H.R.

I saw McMullen of the C.P.R. this morning re E. & N. timber adjacent to Gordon River and after talking to him I feel that there would be no security in the thought of our getting this timber as it could be logged to Cowichan Lake and over a period of years there is bound to be somebody coming along who will want to log that timber to an inland mill which will be attractive to the C.P.R. Therefore, it seems to me this washes out the Gordon River licences.

I forgot to tell you that Gene Demens died suddenly last Saturday. He evidently had been out to a farm he had near Alberni, had just come into the garage and dropped just outside the garage.

He has been superintendent there for a long time and it will leave a hole in their organization as from anything we can learn they haven't developed following personnel; but they may have it in their organization at that.

It will be interesting to see what they do.

With kind regards,

Sincerely,

WJV:McC

X H.R.M.

I attach clipping
D

HRM Export Co. W.S.V., 1942

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JAN 19 1942

Vancouver, B.C.
January 16, 1942.

(5)

Mr. H.R. MacMillan,
MONTREAL, P.Q.

Dear H.R.

I thought you would be interested in the enclosed analysis of the Pine company operation for the last six years.

I think, generally speaking, all the loggers will be operating as strongly as they can, subject only to weather conditions. There has been frost here again the last couple of nights but only a few degrees.

Nicholson has written Rosenberry pointing out the necessity of full production and Rosenberry is of the opinion that production has held up pretty well but cannot see just where to start in to improve it.

I have been talking to Culter and he feels the same as we do that everything should be done to utilize the full productive capacity of both manpower and plant. We are going to discuss it with Rosenberry at our next meeting, next Tuesday.

The only thing we can think of that would be constructive would be to have Nicholson come out at an early opportunity and paint the picture to the industry and put the message over; then, after that, watch for any individual cases where there appears to be any deliberate slackening and deal with each case as it appears.

With kind regards,

Yours sincerely,

Wan

WJV:McC

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FOLDER No.

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January 30, 1942

(Dictated January 29, 1942)

well justified. I wonder what effect Mackin's new dryer will make on log supply. Will he have to go into the open market?

Dear Van:

- (1) I am very interested to have your memorandum re Gordon River timber. I seem to remember that this timber is owned by a syndicate in Great Britain, one of the trustees of which was an old acquaintance of mine - Kilpatrick, who you may remember as having been in charge of Samuels in Japan. If not the same ownership, it lies just south of this ownership, which included licenses between this tract and Cowichan Lake. I also seem to remember that there is a bad crack in the ground between this timber and salt water, involving very heavy railroad construction. I think you would have to figure \$2.50 to \$3.00 for Davis rafts and towing. There have been logging operations in San Juan since the Great War and they have had a terrible time with their log dumps and booming ground, for which I think a person should allow another additional cost. There is also the possibility that this could be logged to Cowichan Lake, particularly if you took up the adjoining E&N timber - only quite a bit of timber has been logged from the head of Gordon River to Cowichan Lake but this tract may be a little too far down stream. The map in your office should show the adjoining ownership. As I think of it, I believe the English syndicate timber is north of this tract, or rather northwest of it, along the E&N boundary, and that some of it has been logged by operators working over from the E&N - from the out-turn of which you might learn something. The timber on the summit of Gordon River has not been too bad a logging show. Taking into account the cost of getting this timber to a converting point - advantageous to us - a great deal depends on the character of the logging ground and the quality of the timber, which you could verify. If these two factors check satisfactorily, I would be inclined to go for it on the terms you mention, chiefly because I know the carrying charges are low, and also to get a foothold in an undeveloped piece of country, the development of which will soon be forced by timber scarcity. I am glad you sent this to me.
- (2) I am always interested in the Plywood minutes. Those of January 23rd arrived today. The sales record shows that the original idea of reducing advertising was pretty

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well justified. capital cost put up to the Directors before the undertaking was started.

I wonder what effect Mackin's new dryer will make on log supply. Will he have to go into the open market?

If Douglas now advises we cannot hold WEATHERPLY what light does that throw on the advice we have had from Hossie? and the advice that Mackin must have got from Hossie? It seems to me there is no use in having a law firm, who by tradition are required to give their best advice to a prior client, and that therefore we may as well move to Robertson, Douglas and Symes, and who I believe are better.

I notice that "(p)" on the first page of the minutes, does not give the period covered by the "Warehouse Turnover". I am so far away from the thing now that while I assume it is monthly, it occurs to me that people making up statements and tables should always make precise labels so that no matter who reads them, there is no confusion.

Under "Labour", you might for my convenience, have the total number of girls shown when mention is to be made of increasing the number. I would be interested to know the number of employees at Alberni, and the number of girls. J. VanDusen,
Vancouver, B.C.

I suppose one should not comment on the high over-run in cost at Alberni - even though it is almost \$200,000 over the budget after including the sprinkler and is almost \$250,000 over any estimate I ever saw until I got these minutes.

Management should keep before the Directors a complete estimate and should revise that estimate constantly so that the Directors may know ahead what they have got to face.

I can easily imagine a situation where if the Directors authorized an expenditure of \$600,000 for a plant in the belief that it could be finished for that figure and then if work proceeded on a scale that required \$900,000 to complete the plant, the results could be very disastrous.

In authorizing officials to plan and estimate capital expenditures, one of the most serious responsibilities of our Directors is to see that commitment is not begun - the unexpected cost of which might force a change midway to a distorted plant, or the completion of the plant against one's judgment might seriously affect working capital.

I am not crabbing about this plant, but if I had realized that it would cost \$914,371, plus another \$30,000 to \$40,000 for houses, I could not have agreed to it, as it looks to be too much cash money on top of our other capital investments, with the result that any break in earning power might find us with entirely too much of our capital "frozen".

I agree that plywood looks the best for earnings, but practically \$950,000 in a plywood plant and appurtenances at Alberni is something one does not enter into lightly - and is something which should have been carefully figured

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and the possible capital cost put up to the Directors before the undertaking was started.

With kind regards,

Yours sincerely,

I have your letter of January 18th. I am glad to have the C.B. Pine analysis, and will look over it during the next few days.

Nicholson telephoned me about various things yesterday. He is leaving for the West about Wednesday of this week. He will go as far as Edmonton and the Crow's Nest Pass and, under pressure, he might go on to Vancouver. Therefore, I would suggest that the Committee ask him to come to Vancouver. The production of timber in Central and Western Canada must be increased. Unfortunately there are some difficulties respecting the marketing of Nova Scotia timber, which should move regularly to the U.S., rather than be hauled backward through Canada and to the U.S.A.

I enclose an article from SATURDAY NIGHT which is well worth reading. The latter part of it. To my mind, it is the article.

Mr. W.J. VanDusen,
Vancouver, B.C.

I also enclose some pictures of the first Russian ship to reach the U.S. with lumber. These may not be published in your paper.

I spent yesterday with John Buchanan and had a good opportunity to go over the whole ground. As a general principle the best interests of the shareholders seem to lie in consolidating what we have, not adding new ventures - of which, as a matter of fact, there seems to be no attractive opportunities at the moment. Training staff, coping with the changes in all forms of manpower - which are considerable, studying the effect of the price ceiling legislation on our distributing system - which might require some quite independent thinking and action contrary to past habits, adding a personnel man, and developing a careful programme of putting our social conditions in better shape around our plants.

As personnel man we have in mind a man at an Indian School at Alert Bay, who might be quite good inasmuch as we have to build up our Indian backlog. This man also knows the whole coast thoroughly and consequently knows fishing conditions.

About Christmas Day, Ed and I went around the White Pine and Plywood plants. I have always forgotten since to mention that I consider the housekeeping at the Plywood not up to an acceptable standard. If you mention this to Ed I think he will recall it. Ed is now in Head Office; a new man is being trained as manager, and he in turn must be training the underlings to standards which universally and individually have been found to be essential to good management, and one of these standards, I think, is good housekeeping.

I noticed outside the door, about opposite the entrance to the door factory, a lot of new material thrown around on the ground and slush, and in different places the brass rods used in the lathe were lying in the gutter.

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