

University of Wisconsin--Eau Claire

Thilmany Pulp and Paper Company

Surviving History's Economic Hardships

Department of History

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ABSTRACT

This paper examines the major economic hardships faced by Thilmany Pulp and Paper Company, of Wisconsin's oldest remaining and substantially successful paper mills. During the early decades of the twentieth century, the Thilmany faced a number of challenges, such as the labor disputes and industrial strikes of the early 1910s and the 1920s, the Great Depression of the 1930s and the second Great War of the 1940s. This paper traces some of these challenges through the history of Thilmany Pulp and Paper Company located in the town of Kaukauna. It also explores the multiple casual factors that contributed to the mills survival.

INTRODUCTION

Thilmany was forward-looking, responding to the newest market demands, taking up the latest industrial technology, implementing the most recent labor policies, and adopting the most progressive modes of community relations in order to get ahead and stay there.

Bremer and Lyon *“A Little Ways Ahead” The Centennial History of Thilmany Pulp & Paper Company*

Ever since the first sheet of newsprint was created in Milwaukee in 1848, the paper industry has had an important economic impact on not only the state of Wisconsin but within the individual cities that were home to the mills as well as the workers that were employed by them. Today as a state, Wisconsin produces more than 5.3 million tons of paper annually and the industry employs more than 40,000 men and women.¹ By the late 1800s the major location of the industry began to shift north and eventually it centralized itself mainly towards the Fox River Valley of Northeastern Wisconsin, with a few mills remaining in Milwaukee and along the Chippewa and Wisconsin Rivers.

The arrival of the pulp and paper mills to the Fox River Valley meant the creation of new jobs and economic opportunities. Furthermore, in many cases the establishment of new mills was quickly followed by the establishment of new communities. In places where small rural communities existed prior to the mills, the opportunities created by the paper industry often allowed the underdeveloped populations and the fledgling mills to grow and mature together. This company/community relationship can be found in the Fox River Valley city of Kaukauna where it is still home to one of Wisconsin’s oldest and most successful paper mills still in existence today—Thilmany Pulp and Paper Company.

¹ Wisconsin Paper Council, “Industry Facts” (2004). <http://www.wipapercouncil.org/industry.htm> (accessed 31 March, 2008).

Thilmany Pulp and Paper Company emerged out of the Fox River paper industry one in a handful of other paper mills in the Kaukauna area. Through its one hundred and twenty-five year history it has faced its fair share of challenges, ranging from community based competition with other local mills to labor disputes and criticism from top labor officials. Above all, Thilmany, like all other industries of the time, was faced with the economically crippling Depression of the 1930s.

As was the case in other states, unemployment and economic hardships during the Great Depression in Wisconsin varied from industry to industry, some more negatively affected than others. In the larger scheme of things, the printing and paper industry as a whole held up against the Depression much better than other Wisconsin industries, especially during the Depression's first year. However, pulp and paper mills across the state were faced with not only decreases in overall production resulting in increased unemployment and temporary closings but with the underlying threat of going out of business permanently. Thilmany was no different. As the company's employees and the city of Kaukauna nervously watched the worsening economic conditions, Thilmany's decision makers stepped up. While other paper mills in the area were forced to close their doors or be put up for sale, Thilmany managed to survive.

Unfortunately and perhaps surprisingly, the arrival of World War II, which ended the Depression, did not signal the end of Thilmany's hard times. Although the company did rebound slightly from its 1930's slump, the hard times were not over. The company was ultimately revitalized through community support and key reorganization plans.

By the 1950s, Thilmany had not only become the most productive and influential paper mill in Kaukauna, it had become the only one. Through innovation, cooperation, consolidation, and its ability to develop a strong partnership with the city of Kaukauna, Thilmany prevailed over

time and its greatest economic challenges to become a leader within the nation's number one paper producing state.

Because of its long history with the city of Kaukauna and its citizens, Thilmany is a fairly well researched and well documented paper mill. There are a handful of general company histories in existence including special edition newspapers, personal memoirs, and a published book. Therefore, this paper is centralized on the company's ability to endure through some of history's industrial hardships, such as the rise of progressivism and the labor movement, but most notably the Great Depression and the decade following World War II. Throughout this paper, the multiple casual factors that allowed Thilmany to prevail will immerge, such as particular management leaders, risky decision making, cooperation with employees, as well as the historical relationship of Thilmany Pulp and Paper Company to the city of Kaukauna.

The abundance of company histories have been used to create a general outline of the major events that have taken place within the mill. Other secondary sources provided by the city of Kaukauna have been used to highlight the relationship the city has had with Thilmany through the years. Furthermore, in order to place the issues faced by Thilmany in the broader context of history, secondary source information on the labor movements of the early 1900s and the Great Depression was referenced and integrated into this paper. Valuable archival collections, such as the personal papers of Matthew Burns and especially a large collection of newspaper articles from the *Kaukauna Times* have been used to uncover the multiple causal factors that contributed to Thilmany's success.

In order to completely understand the significance of Thilmany's relationship to Kaukauna, one must venture back to the establishment of the mill and spend some time tracing the company's as well as Kaukauna's early growth. Furthermore, before diving into the rough

and tumble 1930s, the war and post-war years of the 40s, it is important to recognize the company's ability to maintain a stable relationship with its employees despite its sometimes leery stance in the eyes of prominent labor officials.

EARLY KAUKAUNA

The histories of Thilmany Pulp and Paper Company and Kaukauna are inseparable. Rarely did a change within the company fail to exert an impact on the community and vice versa, and each has been working for the benefit of the other, whether laboring together on the development of hydroelectric power or the creation of work programs for unemployed Kaukaunans.

Bremer and Lyon *"A Little Ways Ahead" The Centennial History of Thilmany Pulp & Paper Company*

Before 1850, the future home of Thilmany Pulp and Paper Company was little more than a strategically placed trading post, home to only a handful of permanent residents of German and Dutch heritage. During this time the area was referred to as Grand Kekalin. At this point, twenty miles south of Green Bay, the Fox River escalated into a fifty foot drop over three fourths of a mile. The falls were impassable by canoe, and since 1793 the necessary portage made it a prime location for local trading.²

By the second decade of the nineteenth century, it had become a much talked about dream of traders, merchants, and settlers alike to fully open up the powerful and partially impassable Fox River with the installation of locks and dams. Such a feat would successfully allow goods to travel from routes on the Wisconsin River up to the mouth of the Fox, to the growing city of Green Bay. An extensive project that would include a large lock and dam

² Mary Grogan-Seleen. "Kaukauna: 'Lion of the Fox'" (*Voyageur*, 185), 4

system focused primarily on Grand Kekalin, reached Congress with the influence of the Wisconsin territorial delegate Morgan L. Martin from Green Bay. With approval obtained under the stipulation that it would not be allowed to commence until after Wisconsin officially became a state, the plan went forward.³

In 1851, three years after Wisconsin joined the union, Morgan Martin and his crew of five hundred men began working on the meticulous system of locks and dams that would be completed five years later in 1856 when the Water Power Company opened the first canal. During this time, the north side of Grand Kekalin was officially renamed Kaukauna by the state legislature. The stretch of the Fox that once required travelers to pass over three waterfalls now was consistently passable. Unfortunately for Morgan L. Martin who was relying on the opening of the canal to bring not only a flood of water to the newly named settlement of Kaukauna, but a flood of new settlers and industries, there remained only a modest settlement on the north side of the river and a few strewn farms on the south side.⁴

With the 1860s and 70s came what proved to be the needed force behind the settlement of Kaukauna. By 1863, the Chicago and the Northwestern Railroads reached Kaukauna. With the arrival of the railroads came a small yet significant surge of industries such as flour milling and lumber processing accompanied by a new crop of European settlers eager to fill the newly established jobs. The economic growth in Kaukauna during the 1860s and 70s continued into the next decade which is now referred to by local Kaukauna historians as the “new era” of Kaukauna.⁵

³ Gorgon-Seleem, “Lion on the Fox”, 7

⁴ City of Kaukauna, “History of Kaukauna,” *About Kaukauna* (2002): <http://www.cityofkaukauna.com/about/> (accessed 14 January, 2008).

⁵ M. A. Raught, “Early History of Kaukauna as I Remember and Lived It” (Kaukauna, WI: City of Kaukauna, 1952), 3.

The 1880s were an eventful ten years for Kaukauna. By the start of the new decade the impact of the railroads increased when the Milwaukee, Western, and Lake Shore lines were constructed. With the new rail lines as well as new power canals came more German and Irish workers who stayed to organize the first lasting village on the south side of the lake which they began calling Ledyard.⁶ In 1885, after a few years as separate villages, Ledyard was subsumed by Kaukauna. When looking back to the influx of new establishments and achievements in Kaukauna during 1870s and 1880s one arguably stands alone as the city's historical bread winner—the arrival of the paper industry.

THE FOX RIVER PAPER BOOM

The paper industry found that the Fox River Valley of Wisconsin offered all that it needed to be successful—abundance of pure water, raw materials, power, skilled labor, and ready access to good markets.

Wisconsin Paper Council 23 March, 2008,
<http://www.wipapercouncil.org/industry.htm>

The paper industry arrived in Wisconsin in 1848, when the first mill was built in Milwaukee to supply newsprint to publishers in the southeastern cities of Wisconsin as well as in Chicago.⁷ Early success quickly spread the paper making industry to Beloit, Wisconsin, but after a few short years the Milwaukee and Beloit mills began to run into problems with their lumber supplies as they had to keep reaching farther and farther away to acquire the necessary trees. The industry as well as many of its most influential leaders relocated north to an area that would

⁶ City of Kaukauna, "History of Kaukauna"

⁷ Wisconsin State Historical Society, "Paper Industry in Wisconsin," *Dictionary of Wisconsin History* (2008).
http://www.wisconsinhistory.org/dictionary/index.asp?action=view&term_id=9181&term_type_id=3&term_type_text=Things&letter=P. (accessed 14 January, 2008).

by 1948 become the most concentrated paper manufacturing area in the world—the Fox River Valley.⁸

From the beginning, the Fox River Valley was seen by traders, merchants, and investors as a potentially promising location for the growing industries that were steadily making their way to Wisconsin. The river began in Lake Winnebago, a large body of water that forms a natural reservoir of nearly three hundred and fifty square miles, whose shores were dotted with up-and-coming cities such as Oshkosh and Fond du Lac. The lake drains north thirty-five miles to Green Bay, thus connecting directly to the Great Lakes. All together the Fox descends a total of one hundred and seventy feet, creating opportune placements for industrial power, for the rapidly moving water can be turned into useable production energy.⁹ In addition to the abundance of pure water and ready access to productive markets, the Fox River Valley offered industries quick contact to supplies of the necessary raw materials. In the case of the paper industry, the Fox River Valley allowed mills to maintain a steady supply of trees first from Northern Wisconsin and then from Canada.

In 1853, the very first paper mill in the boundaries of the Fox River Valley was built in Appleton under the direction of three papermaker brothers from the east coast, G. N., C. P. and T. Richmond.¹⁰ The copy started small, producing only coarse grain paper and straw wrapping paper that for the most part was consumed locally.¹¹ As production at the Richmond mill expanded the need for more skilled workers increased, and the brothers began recruiting veteran paper mill workers from the long established Massachusetts and Connecticut paper industry. Thus, the assurance of the survival and advancement of the Wisconsin paper industry increased.

⁸ *A History of the Wisconsin Paper Industry, 1848-1948*. (Chicago: Howard Publishing Company, 1948), 6.

⁹ Wisconsin State Historical Society, “Paper Industry in Wisconsin”

¹⁰ *A History of the Wisconsin Paper Industry*, 7.

¹¹ Wisconsin State Historical Society, “Paper Industry in Wisconsin”

Misfortune struck the Richmond brothers in 1859 when their mill burned down. The fledgling Fox River Valley paper industry was quickly reestablished when plans to rebuild the mill quickly commenced and by 1864 the Richmond paper mill grew to a business of \$75,000 annually. The success of the newly rebuilt Richmond mill and recruitment of east coast workers already knowledgeable in the art of paper making led to what has been dubbed “a virtual boom in the founding of paper mills” in the Fox Valley in the 1870s, particularly 1871. Substantially successful mills like Kimberly-Clark in Appleton and others in Neenah and Green Bay set up shop along the banks of the Fox River. Despite the rapid increase of new paper mills in the Fox River Valley, the success of such mills and that of mills to follow was not formally recognized until 1872—the same year the paper industry reached the soon to be city of Kaukauna.¹²

The Boom Reaches Kaukauna

In 1872, a native of Syracuse, New York and successful paper and pulp manufacturer, Colonel H. A. Frambach, brought the Keller groundwood process to the Fox River Valley, making it possible to produce ground-wood pulp.¹³ In that same year Frambach and his younger brother John Stovenkin built the Kaukauna Mill, the first of several paper mills to call Kaukauna home¹⁴ The small but successful mill built on the north side showed great promise, but became a casualty of fire in 1879. However, Frambach persisted, this time on his own, and rebuilt the mill in 1880. He then named it the Frambach Paper Mill. Soon after the completion of his mill, Frambach took some of his investments to Appleton where he also ran the large Menasha Paper Company. In doing so, he left the door open for other paper industry entrepreneurs to venture into the Kaukauna, Ledyard portion of the Fox River Valley.

¹² *A History of Wisconsin Paper Industry*, 7-8.

¹³ Wisconsin State Historical Society, “Paper Industry in Wisconsin”

¹⁴ Gorgon-Seleen, “Lion on the Fox”, 7

The second of the early mills in Kaukauna was established in 1880 by two pulp and paper manufacturers who had recently moved to Ledyard from Sheboygan, Wisconsin, Geele and Thamer.¹⁵ Their mill became the first of many to utilize the new water power of the Fox River. That same year a New York native by the name of G. F. Kelso founded a pulp mill in Kaukauna, and by the year's end the Charles Boyd Paper Company soon followed suit and started production along the Fox near Kaukauna. By 1883, two years before Kaukauna and Ledyard merged, nearly a dozen papermaking enterprises, including pulp mills, were located along this area of the Fox River.¹⁶ Furthermore, 1883 marked the return of Colonel H. A. Frambach. After three successful years organizing the operation of the Menasha Paper Company, he sold his rights to his Frambach Mill (then known as the Union Paper Company), and built the area's first paper powerhouse, the Badger Paper Company.¹⁷ Nevertheless, what has arguably proven to be the most significant of all the paper and pulp establishments in the Kaukauna area was established by a German born immigrant named Oscar Thilmany.

¹⁵ "Kaukauna 175th Jubilee Album". (Kaukauna, WI: City of Kaukauna, 1962).

¹⁶ "A History of Thilmany Pulp and Paper Company, 'A Measure of Success'" (Kaukauna, WI: Thilmany Pulp and Paper Company, 1977)

¹⁷ Gorgon-Seleen, "Lion on the Fox", 7

THILMANY: THE EARLY YEARS

The island stretched out before him, its deep, narrow channel running along its north edge until it met the musical roar of the Fox River again.¹⁸

*Bremer and Lyon, "A Little Ways Ahead" The Centennial
History of Thilmany Pulp & Paper Company*

In 1883, Oscar Thilmany stood on the banks of the Fox River, overlooking his new property. As many others before him, Thilmany recognized the potential for economic success that rushed through the waters of the Fox River and chugged along on the many railroads that crisscrossed the city limits of Kaukauna. Little did he know that his land and the modest company he was to co-found would become Kaukauna's most influential and successful paper mill.

Oscar Thilmany was born in the German town of Bitburg in 1844. Although the reasons for his departure from Germany are unknown, in 1866 the twenty-one year old Oscar and his brother Waldemar arrived in New York City where they remained for the next six years. After spending time working for a German-language newspaper, Oscar Thilmany relocated to Cleveland, Ohio where he became involved in the wood-preserving industry. Then in 1875, Thilmany made his way to the state of Wisconsin, settling in Milwaukee.

While in Milwaukee, Thilmany became close acquaintances with two well-known bankers, Jacob and Robert Nunnemacher who, along with a few other of their Milwaukee based business associates were working on acquisition of land along the Fox River, just south of Green Bay.¹⁹ On September 18, 1883, Oscar Thilmany and his five partners founded the American Pulp Company. Thilmany subsequently relocated to Appleton, a slightly larger city located on

¹⁸ Bremer and Lyon, *"A Little Ways Ahead"*, 1

¹⁹ Thilmany Pulp and Paper Company, *"A Measure of Success."* (Kaukauna, WI: Thilmany Pulp and Paper Company, 1977).

the Fox River a few miles north of Kaukauna, and took the lead in the early organization of the new paper mill.



The above map shows the locations of the paper mills located in Kaukauna, Wisconsin in 1886. Thilmany Pulp and Paper Company, then known as American Pulp Company, is No. 1. Reproduced with permission of The Kaukauna Area Historical Society.

Despite Thilmany's determination, the early years proved difficult for the new paper mill. The mill opened with only a one ton daily capacity for making ground-wood pulp, used for producing butter plates, and employed a mere eighteen people—ten men and eight women.²⁰ These numbers appeared even more insignificant compared to those found in Colonel H. A. Frambach's Kaukauna Paper Company which produced ten tons of Manila paper daily and

²⁰ "Thilmany through the Years." *Thilco News*, (Kaukauna, WI: Thilmany Pulp and Paper Company, 1948).

employed seventy-five men, as well as his new Badger Paper Company which occupied a three-story manufacturing building (gargantuan compared to Thilmany's establishment), and produced seventeen and one-half tons of print paper daily.²¹ Things began to look up for the fledgling American Pulp Company in 1886 when management constructed a larger building that increased the mill's productive capacity by a third. By 1888, of the seven pulp and paper mills in Kaukauna, American had become the fifth biggest in size; still substantially smaller than Frambach's mills, respectable. The coming of the new year, moreover, brought about significant changes for the growing mill.

By 1889, American Pulp Company was undergoing a series of rapid yet important changes. After a hard fought battle to keep the young mill afloat, Oscar Thilmany bought out his Milwaukee based partners and obtained full ownership of the mill. Thilmany signified his new investment by changing the company's name to Thilmany Pulp and Paper Company and purchased the mill's first newsprint machine. With the new purchase, the chief product of the mill became newsprint for big city based newspapers, mainly in Milwaukee and Chicago.²² Thilmany also understood the importance of producing a variety of paper products, which ultimately became an aspect of the company's success for years to come. As stated by William W. Bremer and Holly J. Lyon in *"A Little Ways Ahead": The Centennial History of Thilmany Pulp & Paper Company*, "By the end of the decade, Oscar Thilmany had established his company's trademark—specialty papers that addressed the needs of other businessmen who produced products for America's growing mass of city-dwelling consumers."²³ Thilmany's business strategy would soon be put to the test in the upcoming decade.

²¹ Bremer and Lyon, *"A Little Ways Ahead"*, 8.

²² "Thilmany through the Years," *Thilco News*.

²³ Bremer and Lyon, *"A Little Ways Ahead"*, 10.

By the turn of the decade the American economy dipped towards a recession. The first sign of the approaching economic hardships on the local level emerged in 1893. In June of this year, Kaukauna depositors began a run on the First National Bank. The influential citizen H. A. Frambach, one of the banks directors, succeeded in keeping the bank open, but by the end of the month the economic troubles reached local industries, including Kaukauna's paper industry.²⁴

Both Oscar Thilmany and the once seemingly unsurpassable H. A. Frambach were forced to temporarily suspend production at their mills. Furthermore, by March of 1894 mill owners across the city found they had no choice but to cut their employee's wages between eight and ten percent.²⁵ To make matters even worse, the Pullman Strike of Chicago which closed down railroads nationwide, dramatically affected the Kaukauna mills' ability to transport what little they were able to produce. It is in the wake of these economic struggles that Oscar Thilmany proved his staying power.

In 1895 Oscar Thilmany's practice of mass-producing specialty papers for other big businesses paid off. During the month of May, Thilmany's employees were among the first back to work on six to seven day shifts, and conditions only improved as he successfully secured a working partnership with a highly regarded West Coast businessman, Monroe A. Wertheimer, to produce fruit wrappers for various California companies.²⁶

By the decades end, Oscar Thilmany had taken the former American Pulp Company from a humble pulp producing company to Kaukauna's most highly regarded specialty pulp and paper mill. Instead of riding the waves of his success into the new century, Oscar Thilmany stepped down from his paper throne. In 1901, Oscar Thilmany sold his investments in Thilmany Pulp

²⁴ Ibid, 11.

²⁵ Ibid, 12

²⁶ Karl E. Stansbury, *The First Seventy Years: Chronology of Thilmany Pulp & Paper Company*. (Kaukauna, WI: Thilmany Pulp and Paper Compnay, 1953), 5

and Paper Company. On September 19, 1901, the first meeting of the incorporators, C. W. Stribley, Charles Schaffer, W. F. Bottsford, and Oscar Thilmany's newly acquired California friend, Monroe A. Wertheimer, was held. Keeping with its original name, Thilmany Pulp and Paper Company was incorporated for \$400,000 with Oscar Thilmany remaining as company president.²⁷

Oscar Thilmany's presidency was short-lived. In 1902 he made the decision to step out of the company's operations completely. The board of directors quickly responded by electing Monroe A. Wertheimer as the new company president. Shortly after his departure, Oscar Thilmany returned to his native Germany where he built his dream house on the Rhine and remained until his death in 1922.²⁸ The departure of Thilmany marked the end of the first era in the history of Thilmany Pulp and Paper Company and the beginning of the era of Monroe Wertheimer, the "era of expansion."²⁹

²⁷ Stansbury, *The First Seventy Years*, 7

²⁸ "A Measure of Success", Thilmany Pulp and Paper Company

²⁹ Brian Peterson, *Walking Tour through Old Kaukauna: Two Self-Guided Historic Tours*. (Kaukauna, WI: City of Kaukauna, 1985), 21.

MONROE WERTHEIMER

The new president, expanded production by stressing efficiency, opened up new commercial markets by converting paper at the Kaukauna mill, introduced the company's first welfare programs for employees, and guided Thilmany through a Great War and the worst years of the Great Depression.

Bremer and Lyon "*A Little Ways Ahead*" *The Centennial History of Thilmany Pulp & Paper Company*

Known to his Thilmany co-workers as "a man of outstanding business ability and a vivid imagination," Monroe A. Wertheimer assumed his position as president of Thilmany Pulp and Paper Company amidst the beginning of a strike that involved nearly one hundred Thilmany employees.³⁰ By the late 1890s, tensions began to mount within many of the Fox River Valley paper mills as the hours of employees in other area industries began to decrease with the help of organized labor. Paper mill employees, however, continued to work eleven to thirteen hour shifts usually seven days a week including the much despised Saturday night shift.³¹

By 1902 a number of propositions were issued by the United Brotherhood of Paper-Makers to the board of directors from each Fox Valley mill. One such proposition included a reduction in the seventy-two hour work week to sixty-five hours by eliminating Saturday night shifts and keeping the mills closed until six a.m. on Mondays. In most cases the demands of the union officials were not taken seriously and beginning with the largest paper mill in the Fox Valley, Kimberly-Clark located in Neenah, workers began to walk out.³²

The strike reached the Kaukauna paper mills later than in most Fox Valley communities, but by the middle of January nearly one hundred of Thilmany's employees walked out

³⁰ Stansbury, *The First Seventy Years*, 8

³¹ *The Kaukauna Times* (Kaukauna, WI), 24 January, 1902, p. 1.

³² Matthew Burns to the Officers and Members of the International Brotherhood of Paper Makers, 10 December, 1930. Box 1, Inventory Folder. Matthew Burns Collection. Special Collections and Archives. Memorial Library. University of Wisconsin. Madison, Wisconsin Box 1, Inventory Folder. P.2.

demanding ten hour working days with Saturdays and Sundays off.³³ By this time many of the other mills had at least partially submitted to the union and employees' request and the pressure was firmly placed on the new president.³⁴

Monroe Wertheimer quickly demonstrated a willingness to support his employees alongside his desire to keep organized labor out. Within a few short days he settled the dispute by reaching compromises on all the workers' demands.³⁵ The workers complied by agreeing not join with strikers affiliated with the official Paper-Maker union, expressed in a statement released by a representative of the workers to *The Kaukauna Times*:

If the mill owners feel that they need the services of their men for the extra hours of labor and the men are willing to continue the plan for the sake of the extra wages, they are thereby enabled to earn it. It certainly is their [mill owners] privilege to do so.³⁶

Company Progress Accompanied by Community Involvement

After resolving his first employee dispute within just a matter of days after becoming president of the company, Monroe Wertheimer began to settle into his new position within the company. Wertheimer quickly reassembled the administration and mill superintendents, selecting those who he deemed best fit for each position. His strategy was to first look within the mill for experienced employees, and then he would bring in outside experience from elsewhere.

Although his influence and decisions carried the greatest weight, Wertheimer gave his administration and superintendents a large amount of responsibilities. He brought in O. M. Farwell to create the most efficient machines and train all new employees. By 1906, only four

³³ *The Kaukauna Times* (Kaukauna, WI), 24 January, 1902, p. 1.

³⁴ Bremer and Lyon, "*A Little Ways Ahead*", 22.

³⁵ At this time Thilmany's employees were not directly affiliated to the official Paper-Makers union. Therefore the company's management dealt directly with the demands of the employees who followed the some of the demands of union affiliated employees from other area mills.

³⁶ *The Kaukauna Times*, 31 January, 1902. p.1.

years later, production almost doubled and throughout the next decade production continued to increase. Since there were no new machines added during this time, much of the company's production success pointed resulted from Farwell's efficiency.³⁷

Another influential figure during this time in Thilmany's history was C. W. Sibley. In 1910 Sibley arranged an agreement between Thilmany Pulp and Paper Company and the Fibre Company, another Kaukauna pulp and paper mill that was struggling through multiple changes in ownership. Through the agreement Thilmany was granted access to a large portion of the pulp that was produced at the Fibre Company, which again helped increase production as well as reduced the amount of money Thilmany had to spend on acquiring pulp.³⁸ By 1912, Thilmany had obtained full ownership of a section of the Fibre Company and had the capability to produce its own pulp for paper production. Then in 1913, the success of Wertheimer and his team resulted in Thilmany Pulp and Paper Company becoming the first million dollar company in Kaukauna.³⁹

The rising success of Thilmany's production and increasing demands from added contracts quickly began to transfer from the company to the surrounding community. The first decade of the 1900s was marked by a number of recessions in the nation's economy that had a negative impact on Kaukauna. Furthermore, in 1908 over two hundred men, the majority being from Kaukauna, lost their jobs as the city's railroad repair yards shut down most of its operations. Thilmany's officials took their leadership skills into the community. C. W. Sibley and C. E. Raught, another mill administrator promoted by Werthiemer, became heavily involved with the Bank of Kaukauna, the Kaukauna Times Printing Company, and with the city government, where Raught even spent some time as mayor. Sibley and Raught both spoke

³⁷ Bremer and Lyon, *"A Little Ways Ahead"*, 23.

³⁸ Stansbury, *The First Seventy Years*, 16.

³⁹ Bremer and Lyon, *"A Little Ways Ahead"*, 27.

very openly about the importance of “managing the well-being of a community just like a company,” and in 1911 the *Kaukauna Times* “publicly thanked Thilmany for supporting the city ‘through the business adversities of the past several years.’”⁴⁰

As company president, Monroe Wertheimer also did his part to contribute to the city of Kaukauna and build a strong relationship between company and community. Beginning in 1913, Wertheimer started taking steps to help the city accommodate for the influx of employment at the mill, which proved to benefit many local Kaukauna residents. During that year, the company purchased some vacant land on the north side of the city for an undisclosed amount of money and built a cluster of six new homes to be sold to employees. The new homes quickly became a success with the employees of the company, especially those new to the city of Kaukauna. In the next six years forty-two new homes were added.⁴¹

By the arrival of the new decade, homes in the newly dubbed “White City”, named for the houses’ almost identical composition and white-washed appearance, continued to increase in popularity among Thilmany workers.⁴² A number of articles in the *Kaukauna Times* spoke of the homes as great contributions to the city of Kaukauna and a testament to Wertheimer’s dedication to not only his employees but the city as well.⁴³

During the United States involvement in WWI, Wertheimer took an interest in local war efforts. He was a member of the local draft board and he and Stribley each donated to the war effort. However, their contributions seem a little lack luster. Each of the men donated a hundred dollars to a support fund for Kaukauna citizens leaving for the war. After Wertheimer became chairman of the Outagamie County’s Liberty Bond campaign, Thilmany Pulp and Paper

⁴⁰ Ibid, 29.

⁴¹ *The Kaukauna Times* (Kaukauna, WI) 19 September, 1958, p.1

⁴² Gorgon-Seleen, “Lion on the Fox”, 10.

⁴³ *The Kaukauna Times* (Kaukauna, WI) 21 October, 1920, p. 1

Company donated one hundred thousand dollars of its assets to bond purchases, leading the way in company donations.⁴⁴

The success of Wertheimer and Thilmany Pulp and Paper Company was followed by contributions to Kaukauna. With that said, in the first two decades of his presidency, Wertheimer and his administrators were not without their critics.

A “Scab” Mill: Wertheimer and the Unions

Bremer and Lyon explain that the first fifteen years of Monroe Wertheimer’s presidency, Wertheimer’s first fifteen years of presidency, “coincided with the rise of political progressivism.”⁴⁵ In 1914 the Brotherhood of Papermakers re-established its Kaukauna local. Furthermore, organizers from the Brotherhood of Pulp, Sulphite, and Paper Mill Workers began making a name for themselves throughout the Fox Valley under the direction of the man that is often credited for revitalizing unionized labor within the pulp and paper industry, John Burke.⁴⁶ The two unions began to pressure Thilmany’s leaders, directing their concerns to Wertheimer. Instead of complying with the wishes of local labor affiliates, Wertheimer found his own ways to keep his employees content and unions out of his mill.

According to the long time president of the International Brotherhood of Paper Makers, Matthew Burns, A” union’s fundamental purpose is to establish a relationship between human beings working together for common ends- so that justice may prevail- so that the meek and humble may live in peace and security with the aggressive and the powerful.”⁴⁷ A representative

⁴⁴ Bremer and Lyon, *“A Little Ways Ahead”*, 31.

⁴⁵ Ibid, 27.

⁴⁶ Robert H. Zieger, *Rebuilding the Pulp and Paper Workers’ Union, 1933-194* (Knoxville, TN: The University of Tennessee Press, 1984), 9.

⁴⁷ Matthew Burns to the Officers and Members of the International Brotherhood of Paper Makers , Date Unknown. Inventory Folder 4.

of the International Brotherhood of Pulp, Sulphite, and Paper Mill Workers promoted unionization in a 1926 article in the union's official publication, *Pulp Sulphite & Paper Mill Workers Journal*, titled "Benefits of Unionism," "By increasing wages and shortening the hours of labor," it read, "unionism has raised the standard of living. Men and women of labor have better opportunities to become intelligent members of the community. Unionism means better health, greater education and far better chances in life."⁴⁸ Wertheimer felt differently and he kept the unions out. Thilmany continued to function affectively and peacefully because management worked directly with employees, taking into consideration their changing needs.

In 1916 Thilmany acquired the Wisconsin Tissue Company of Appleton, greatly increasing its employable size. However, as more local men joined the war effort, the company found itself with a shortage of labor. To maintain workers already employed by the company and possibly to entice newcomers, Thilmany began granting new benefits to its employees and reduced its manufacturing hours to eight-hour shifts while keeping the same pay that was earned on the twelve-hour shifts. In that same year workers received a ten percent bonus. Thilmany's workers now earned an average of sixty dollars a month which was relatively high compared to other mill workers in the Fox River Valley.⁴⁹

Although it may appear that Monroe Wertheimer increased the income of his workers as well as employee benefits entirely out of the goodness of his heart, he was very open about his motives. In order to maintain a greater amount of control over his company and his employees' hours and wages, Wertheimer wanted to keep labor unions out. In 1918 Thilmany again raised employee wages. With this came a great deal of accusations from labor officials, including the high ranking labor leader John Burke who pointed the finger at Wertheimer saying that it was

⁴⁸ *Pulp Sulphite & Paper Mill Workers Journal: The Official Publication of the International Brotherhood of Pulp, Sulphite, and Paper Mill Workers*, "Benefits of Unionsim". February, 1926

⁴⁹ *Ibid*, 31.

“the same old story” of non-union mills advancing wages in order to discredit organization. Thilmany thus earned the reputation among labor unions as a “scab” mill.⁵⁰

Scab mill or not, Thilmany continued to work with its employees. Wertheimer also believed that increased benefits for his employees would ultimately boost efficiency and production, demonstrating the business aspect of his labor decisions. He opened a free company library, employed a full-time nurse, and even encouraged his employees to form their own non-union employee associations. His employee outreach even extended into the community. When he was informed that some of Kaukauna’s merchants increased their product prices each time Thilmany’s workers received a pay increase, he warned the merchants that he would not hesitate to open his own company store and sell many of the same goods for less.⁵¹ This was again in the hopes of keeping his employees content and working peacefully.

Regardless of Wertheimer and the company’s best efforts to maintain stability, in 1922 after a recession hit Kaukauna. As product demand decreased Thilmany was forced to cut wages for the first time since Wertheimer had taken over the mill from Oscar Thilmany in 1902. On April 6, 1922, at seven o’clock in the morning, one hundred and fifty men employed at Thilmany’s sulphite mill walked out during what was referred to as a “protest” against the four cent per hour reduction in their wages.⁵² The men claimed that the cut in their wages was unjustified. Consequently, the labor unions once again hoped to infiltrate the mill. Wertheimer responded by addressing the claims of his workers which was reported in the *Kaukauna Times*:

Deplorable as the situation is and much as he sympathizes with the men affected, the cut is made necessary by economic conditions and was only ordered as a last resort in the effort to meet competition in the open market. Operating expenses under the prevailing depression have reached a point where a shut down of the plant is not an improbable contingency but dreading the

⁵⁰ Ibid, 34.

⁵¹ Ibid, 35.

⁵² *The Kaukauna Times*, 6 April, 1922. p.1

widespread distress and hardship which this would entail on not only the men employed in the mills but on the entire community.

Wertheimer also added that he did not feel that it was unreasonable to ask the men “to share, by accepting the cut with the company, a part of the burden which the company has to carry in order to continue operations,” and argued that the allegations that the company was trying to make money by reducing its wages were false.⁵³

Wertheimer’s response to his workers’ claims was not only taken under serious consideration by his disgruntled employees but leaders of the Paper Makers Union as well. By the day’s end the workers had accepted the four cent cut in their wages and went back to work. The *Kaukauna Times* reported that the action resulted from the counsel of local leaders of the Paper Makers Union who, like Wertheimer, addressed the “present economic crisis,” and that the prosperity of the entire city of Kaukauna depended on Thilmany’s survival.⁵⁴ In fact, by this time Thilmany paid roughly forty percent of the city’s total personal income.⁵⁵

Once again Wertheimer had successfully controlled a situation, surprisingly with the help of a union whose leader often negatively referred to Thilmany as a “scab” mill. Together they avoided a situation that might have escalated to the point where both the company and community faced on economic crisis. The strong bond that created between management and worker in the years prior to this matter had temporarily proven to be effective. Over the next few years the national and local economies emerged out of the temporary recession. Production in the mill improved and Wertheimer stuck to his pre-recession practices and continuously increased his workers’ wages. However, by the decade’s end he and his company would have to face the worst economic hardship in the nation’s history.

⁵³ Ibid

⁵⁴ *The Kaukauna Times*, 13 April, 1922. p.1.

⁵⁵ Bremer and Lyon, “*A Little Ways Ahead*”, 37.

RISKS AND CONSOLIDATION THROUGH THE GREAT DEPRESSION

The Great Depression was real. It was also awful. More to the point it packed a greater wallop than anything that had happened to American between the Civil War and the Atom Bomb. How did Thilmany fare? They began by tightening their belts.

“Tightening the Belts,” *The Kaukauna Times*

The Great Depression and Kaukauna’s Troubles

Throughout the 1920s the stock market had been steady and many industries and corporations in the United States watched their production and profits increase. The depression that followed the infamous stock market crash of October, 1929 drastically changed the economic landscape across the United States. Each U.S. industry was impacted and faced its own struggles and defeats; some more negatively affected than others. Every village, town, and city, regardless of size, had to face unemployment and shrinking job markets among many other challenges. By the end of the first year of the Great Depression, federal census takers declared that 3.1 million Americans were unemployed, the actual number being debated by various groups such as labor unions who believed it was much higher.⁵⁶

Although the hardships faced in Kaukauna, Wisconsin may look trivial compared to those faced in heavy urban centers like New York City and Chicago as well as the Dust Bowl stricken states of the southwestern Great Plains, the Fox River town did not go untouched by the great depression. In the first few months following the stock market crash, few major disturbances were recorded. The town’s largest employer, Thilmany Pulp and Paper Company, continued to maintain high levels of production, its workers received the same hours and wages as prior to the crash, and Kaukauna’s banks remained open. However, by the summer of 1930, Thilmany’s

⁵⁶ James I. Clark, *Chronicles of Wisconsin*. (Madison: State Historical Society of Wisconsin, 1955), 6.

production had come to a standstill and its employees looked on as other Kaukauna industries began to feel the burn of the depression.

Agricultural workers in the surrounding area were the first hit as crop failures such as those prevalent in Kansas and Nebraska traveled north into Wisconsin. On August 8, 1930 the *Kaukauna Times* ran an article on the front page titled “Hangs Self,” and told the story of a “hardworking” farm wife who hanged herself in the barn after she had learned that she and her husband were about to lose their family farm because of “extreme crop failure and the low prices for farm produce.”⁵⁷

Within the Kaukauna city limits, residents began organizing charitable organizations ran by volunteers that would collect goods and money to help the slowly growing population of unemployed in the city.⁵⁸ Regardless of its efforts, the volunteer organizations could not combat the effects of the Depression. In October and again in November of 1930, town meetings were held to address the town’s growing number of unemployed citizens. On October 31, a local address was made to discuss possible remedies and to warn other manufacturing and industrial workers that the worst was probably yet to come. The president of the American Federation of Labor delivered a national statement read during the assembly in Kaukauna, “The depression strikes the manufacturer first and the worker second.”⁵⁹

At the state level the first action by the Wisconsin state government came in the spring of 1930 when Governor Walter J. Kohler ordered a special Citizen’s Committee on Employment. The committee did not sanction or recommend any serious relief programs nor did it request any large amounts of relief to be distributed. Instead “the committee urged employers to maintain pre-depression wage levels, avoid lay-offs, cut working hours, and eliminate overtime.” In 1931,

⁵⁷ *The Kaukauna Times*, 8 August, 1930. p. 1.

⁵⁸ Bremer and Lyon, “*A Little Ways Ahead*”, 44.

⁵⁹ *The Kaukauna Times*, 31 October, 1930. p. 1.

Wisconsin became the first state to enable its unemployed workers to apply for weekly payments amounting to a maximum of ten dollars a week from the previous employer for up to thirteen weeks.⁶⁰ The local and state designed and initiated programs undoubtedly help to alleviate the strain for some, but problems continued to increase.

As the economic conditions across the United States continued to worsen, national and state officials began to administer programs to halt the increasing unemployment levels. Through the New Deal administration implemented by the newly elected (1932) president Franklin D. Roosevelt, the National Industrial Recovery Act, the Agricultural Adjustment Act both from 1933, and the Social Security Act of 1935 were just a few of the acts passed in the mid 30s to try and control hours, wages, and even prices of various products. Furthermore, a number of new government funded agencies emerged during this time period such as Civilian Conservation Corps and the Works Progress Administration.⁶¹

Beginning in 1933, the New Deal's relief and job-providing agencies arrived in Kaukauna. In November of that year, 320 unemployed residents were put to work for the Civil Works Administration. They were employed on city based projects such as creating recreational trails in various parks. Again throughout 1934, the Federal Emergency Relief Act put to work another 120 Kaukauna men, widening the city's streets, and four women to work on sewing projects, each group making \$10.20 a week.⁶² Unfortunately much of the work offered by the New Deal agencies proved to be temporary, in December of 1933 the *Kaukauna Times* reported

⁶⁰ Clark, *Chronicles of Wisconsin*, 11-12.

⁶¹ Steven Mintz and Susan Kellogg, *Domestic Revolutions: A Social History of American Family Life*. (New York: The Free Press, 1988), 144-146.

⁶² Bremer and Lyon, "*A Little Ways Ahead*", 44.

that workers were laid off in a Civil Works Program “in order to keep the project alive,” but they did offer at least short time relief for many Kaukauna residents.⁶³

The Great Depression and Thilmany’s Struggles

On September 4, 1929, a dividend of \$2.43 was paid on the company’s common stock. This would ultimately become significant because it proved to be the last common dividend to be paid for the next sixteen years.⁶⁴ Much like the city of Kaukauna, the economic adversities triggered by the great stock market crash of 1929 did not have a significant impact on Thilmany Pulp and Paper Company right away. However, just as the president of the American Federation of Labor stated, the depression did reach the manufacturer before the worker.

By January of 1930, Monroe Wertheimer and his company had recorded record breaking sales from the previous year, when over thirty thousand tons of paper were produced totally to more than five million dollars in value.⁶⁵ The tables quickly turned as many of Thilmany’s largest buyers began to withdraw from resigning any lengthy, big money contracts. Instead the companies chose to engage in short term, small production contracts. The smaller contracts therefore reduced the company’s production and by midway through the year, Thilmany’s sales began to plummet.

Other paper mills still located in Kaukauna were also feeling the pressure. In a letter to leading labor official, John P. Burke on January 3, 1930, a Kaukauna resident and mill worker (name of mill unknown), addressed his concern for the closing of the mill, “The mill is still down,” and “There are no prospects of starting up as yet, but there are lots of rumors.” He

⁶³ *The Kaukauna Times*, 8 December, 1933. p. 1.

⁶⁴ *The Kaukauna Times*, 18 August, 1983. p. 13.

⁶⁵ Bremer and Lyon, “*A Little Ways Ahead*”, 45.

continued on, asking Burke for help, “If you know of any good jobs, please let us know.”⁶⁶ The plight of the mills located in the same city as his company, may very well have added to Wertheimer’s increasing load of concerns.

In the last months of 1930, Wertheimer’s advisors also addressed their concerns. They strongly felt that steps needed to be made to ensure not only the company’s future success but its overall survival. The company was faced with steadily decreasing sales, handling multiple production facilities through the Kaukauna mill and the Wisconsin Tissue mill it recently purchased in Appleton, and deciding whether or not to go through with a 1929 plan to purchase a new paper machine. All this was on top of the growing concerns of its workers. As stated by Karl Stansbury, “a judgment was placed upon us to test who we were and what we were.”⁶⁷

There was much debate about whether or not it would be logical to purchase a new machine. Prior to 1929 the mill had almost consistently been producing at a gain. This was without adding any new machine since the last weeks of Oscar Thilmany’s run as company President. However, towards the end of the year Wertheimer gave the go-ahead, and the company invested in the installation of the new machine with the hopes of drawing in larger contracts to increase production.⁶⁸

The next step in the process became consolidation. Wertheimer and his advisors concluded that trying to manage machines and employees in various Fox River mills was too costly and inefficient, especially when trying to handle employee claims and labor influences at separate locations. By the end of 1930, Wertheimer shut down the Wisconsin Tissue Mill in Appleton and relocated its two largest paper machines, as well as the men who were trained to

⁶⁶ *Pulp Sulphite & Paper Mill Workers Journal*, “Kaukauna Local No. 35.” 3 January, 1930.

⁶⁷ “A Measure of Success.”

⁶⁸ Bremer and Lyon, “*A Little Ways Ahead*”, 45.

operate them, to the Kaukauna mill.⁶⁹ The consolidation of all manufacturing facilities did help the company's facility managers maintain more efficient communication ties with all Thilmany employees. It did not prove to be the answer to the declining sales as Thilmany continued to experience financial losses. However, it did help slow down the momentum of the losses, therefore allowing Thilmany's management to take its next step.

With the arrival of 1931 Monroe Wertheimer and Thilmany's management were still striving to level of the company's decreasing sales. As stated in Bremer and Lyon's "*A Little Ways Ahead*," in 1931 Wertheimer did "what President Hoover had asked businessmen to do: spend through new investments in order to generate economic recovery."⁷⁰ In fact, by July of that year Thilmany's management announced its plans to add two more paper machines, this time, though, they would be machines specifically designed for the creation of paper bags. The accumulation of the new machines would be preceded by the construction of a new building in order to sufficiently house the acquired equipment. In a *Kaukauna Times* article on July twenty-fourth, Wertheimer explained that his "personal hope" was "that it [the new construction] assures the operation of the pulp mill for many years to come."⁷¹

The decision to purchase two brand new machines as well as begin a construction project that was estimated to cost \$40,000 appeared to be incredibly risky, especially since the condition of the United States economy continued to worsen. Furthermore, the company did not seem to be in the right condition to be purchasing new equipment and adding on to its operation facility. Its debt continued to increase, it could no longer pay the dividends on its stocks, and it continued to operate at a loss. The *Kaukauna Times* frequently reported that not only were many of Thilmany's employees worried about its president's risky business decisions, but other

⁶⁹ Stansbury, *The First Seventy Years*, 23.

⁷⁰ Bremer and Lyon, "*A Little Ways Ahead*", 45.

⁷¹ *The Kaukauna Times*, 24 July, 1931. p.1.

Kaukauna residents as well. On August twenty-fifth, Wertheimer addressed the concerned citizens in an article titled, “Wertheimer has faith in future of Paper Mills,” and said

You call our attention to the fact that as we are making this expenditure at this time it is interesting news to the paper industry because it shows our faith in the future, and on this point permit me to say that if we all keep our heads level there is no reason why the future should not have reasonable returns in store for all those who make the proper effort to ensure them.⁷²

In his work, *The First Seventy Years*, plant manager Karl Stansbury added that the major incentives for the expansion were to provide additional employment and to create more diverse production capabilities.⁷³

Still the concern of how Thilmany would be able to financially handle the construction of a new facility without cutting production elsewhere, reducing pay, or even cutting jobs remained. To the benefit of the company’s management, it appeared that Thilmany’s long history of supporting and working side-by-side with the residents and organizations in Kaukauna had succeed in building a level of partnership and trust. In January of 1932, the Utility Commission of Kaukauna agreed to finance the mill’s new construction, and subsequently sell it to Thilmany for \$40,000, with interest free payments over a ten year period.⁷⁴ Not only did this decision ensure Thilmany’s growth, the construction opened up new employment position for Kaukauna citizens. On February 19, the *Kaukauna Times* reported that local labor was given preference in every possible instance, and that a rotating crew of twenty-four men was employed at the construction site. Furthermore, the article stated that the city’s decision to help its “loyal company” in this time of need would produce eighty to one hundred new employment positions.⁷⁵

⁷² *The Kaukauna Times*, 25 August, 1931. p.1.

⁷³ Stansbury, *The First Seventy Years*, 24.

⁷⁴ Bremer and Lyon, “*A Little Ways Ahead*”, 47.

⁷⁵ *The Kaukauna Times*, 19 February, 1932.

With the construction of the bag plant completed by the years end, Monroe Wertheimer, Thilmany's managers and employees, as well as the city of Kaukauna, waited to see if it would become the much needed answer to the company's financial losses. Unfortunately for Thilmany and Kaukauna as well as the rest of the country, in 1933 the Depression reached an all-time high. Across the country, sixteen million Americans were unemployed.⁷⁶ In Kaukauna conditions worsened as well. Already by February the city was forced to cut its city workers by fifteen percent, most of these positions being in the fire and police departments.⁷⁷

Although the company continued to operate at a loss, Thilmany continued to stay afloat as the machines brought in from the Appleton mill as well as the new bag producing machines in the new addition allowed Wertheimer and Thilmany's management to take over direct sales and distribution of all of its products. All though the new found security may have been small, Thilmany did what it could to ease the fears of its workers as well as the city of Kaukauna. On August 29, Wertheimer announced that the company would be undergoing changes in wages and hours as of September 1 in order to meet the terms of the National Recovery Acts Blue Eagle Requirements. According to the *Kaukauna Times*, the new arrangements at "the largest employer in the city," stated that shift workers would work thirty-six hours a week instead of forty-eight and day workers forty hours a week instead of forty-eight. In order to make up for lost hours, wages were increased so every employee still received the same pay as before the decrease in hours. The shorter hours consequently created a little over one hundred new jobs that the company specifically offered to unemployed Kaukauna citizens.⁷⁸

Throughout the next two years the doldrums of the Depression continued. Thilmany was unable to break free from its losses in production and sales, but the company and its city

⁷⁶ Mintz and Kellogg, *Domestic Revolutions*, 134.

⁷⁷ *The Kaukauna Times*, 10 February, 1933.

⁷⁸ *The Kaukauna Times*, 29 August, 1933.

continued to march on, each helping each other along the way. Mid-way through 1935, the mill and its leadership once again came under the pressure of the Paper Makers and the Pulp, Sulphite, and Paper Mill Workers unions. As previously discussed, Wertheimer had a long and often unpleasant history with union organizers, raising wages and doing whatever he could to keep organized labor out of his mill. However, in July of 1935, Thilmany signed his first legally binding contracts with each union. According to Bremer and Lyon in *"A Little Ways Ahead,"* Wertheimer peacefully and happily cooperated with the labor officials for the welfare of his employees.⁷⁹ However, one must consider that Wertheimer's cooperation could have been based solely or at least partially on Section 7a of the National Recovery Act of 1933 which stated that no employee could be required to join a company union nor could he or she be prevented from joining a union as a condition of employment.⁸⁰

The following year proved to be the end of an era at Thilmany Pulp and Paper Company. After thirty-four years as the company's president, Monroe A. Wertheimer stepped down from his position. His exact reasons for retirement were never openly announced. However, multiple factors could be considered. Starting with his first week as president, Wertheimer saw Thilmany through some of its hardest and most trying times. He managed to keep his employees from ever walking out on a major strike, although through controversial methods, and up to the day of his retirement he managed to keep Thilmany afloat during the economic trials and tribulations of the Great Depression. Many of his decisions seemed controversial and even risky, but he was not afraid to address concerns within the mill, and kept up communication with the residents of Kaukauna.

⁷⁹ Bremer and Lyon, *"A Little Ways Ahead"*, 48.

⁸⁰ Mintz and Kellogg, *Domestic Revolutions*, 146.

In 1938 the position of president was obtained by Karl Stansbury and many other influential figures were appointed to the board of directors. If the retirement of the longtime president was not enough to stir up nervousness among Thilmany's employees, in 1937, the Kaukauna plant, the Union Bag Company, located adjacent to Thilmany, could no longer combat the Depression and declining sales and ceased operation.⁸¹ As the decade was coming to an end, many of Thilmany's neighboring paper mills had ceased production permanently.

Even though the company continued to operate at a loss, Thilmany managed to keep its door open, its machines running and its employees working. The New Deal policies of President Roosevelt helped to relieve some of the nation's economic strain but the Depression continued. However, as tensions continued to mount across the Atlantic and in the Pacific, demand for many products produced in the United States began to increase. It appeared as if the decisions made by Thilmany's officials to consolidate and expand, as well as its partnership with Kaukauna, allowed the company to hang on just long enough.

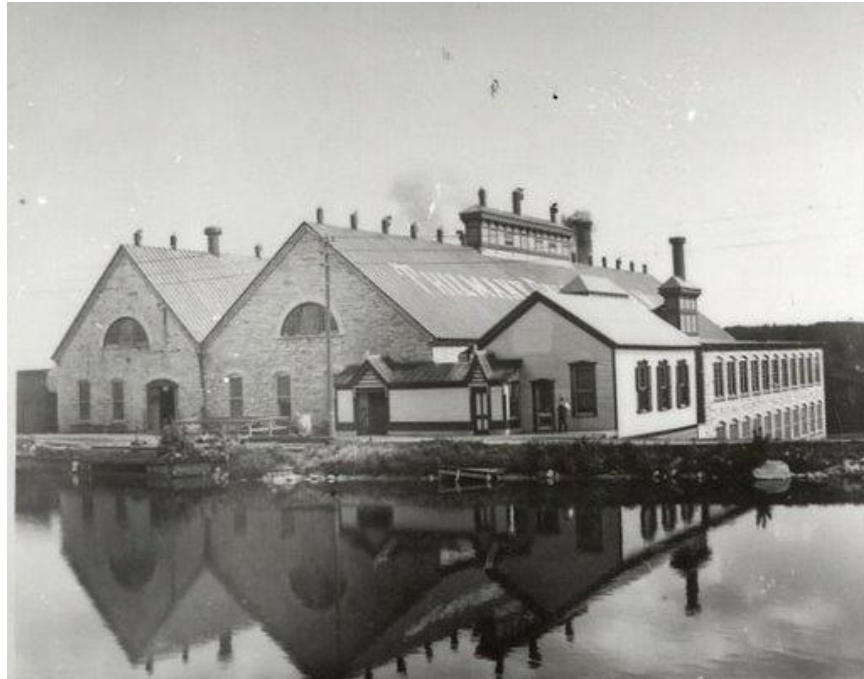
The nation's major economic savoir that was World War II, as was the case for various industries across the country indeed shed some much needed light on the future progress at Thilmany Pulp and Paper Company. However, the new demand of specialty papers brought on by the war did not signal the complete renewal of the mill. In fact, some of the roughest years in the company's history to date were yet to come.

⁸¹ Bremer and Lyon, *"A Little Ways Ahead"*, 49.

DEBT AND REORGANIZATION TO RECORD PRODUCTION

We had no choice, either we did the job or we'd go out of business. We could not have competed either in quantity, quality, or price.

Karl E. Stansbury, *The First Seventy Years: A Chronology of Thilmany Pulp & Paper Company*



The main entrance of Thilmany Pulp and Paper Company in 1940.
Reproduced with permission of The Kaukauna Area Historical Society

The outbreak of war in Europe created a boom in production for many American industries, and the paper industry was no different. A large demand for pulp and paper was created, especially after the invasion of Norway in the spring of 1940.⁸² Because of its long history of producing specialty papers, Thilmany was able to secure a number of government

⁸² Heavy competition had surfaced during the late 1930s from the Scandinavian countries, but in the spring of 1940 exports from those countries stopped for the duration of the war.

contracts to produce waterproof wax papers for military use. With the new demand Thilmany was able to refurbish a few of their machines as well as add another new machine.⁸³

In spite of its increased production, Thilmany continued to wade in uneasy financial waters. As explained by Karl Stansbury, Thilmany's management remained unconvinced that the company's financial problems were solved, "the future remained problematical because of the emergency nature of this demand." Furthermore, by 1941 Thilmany was indebted to its affiliate, American Lakes Paper Company a total of \$545,000 on top of its payments to the city of Kaukauna for funding the construction of the bag plant.⁸⁴

Another problematic factor was the rapidly declining lumber supply. Here the city of Kaukauna again did what it could to help its company. Local farmers and land owners often delivered wood to Thilmany's pulp mill, cut from their own land. Although the major relief from this problem came with the acquisition of large treks of land in Montana and Wyoming, the aid of local citizens curved the need for lumber until the contracts were signed.

In hopes of solving its continuing financial crisis, Thilmany officials, lead by President Stansbury, devised the risky Reorganization Plan that was to be put into affect in January 1941. The ultimate goals of the Reorganization Plan were, "To eliminate an existing debt to an affiliate Paper Company, to re-establish Thilmany credit at the banks, and to modernize the plant so that it will compete with the paper mills over the world."⁸⁵ The Reorganization Act was going to be costly and most likely take a few years, but it was seen as necessary to ensure the future of the company.

In order to pay off the debt owed to the affiliate company, Thilmany borrowed the needed amount from the National City Bank of New York, which would be paid back in lump sums on

⁸³ Bremer and Lyon, *"A Little Ways Ahead"*, 64.

⁸⁴ Stansbury, *The First Seventy Years*, 26-27.

⁸⁵ *The Kaukauna Times*, 19 September, 1958. p.1.

the first of January for the next three years, with a lower interest rate. Stansbury and Thilmany's officials continued Monroe Wertheimer's ideas of expansion in times of crisis by adding new machines, purchasing the formerly known Outagamie Paper Company also of Kaukauna as well as the Union Bag Company, and erected a number of new buildings to house its new machines.⁸⁶

While the Reorganization Plan steamrolled ahead, employee/employer relationships within the mill continued to remain stable. During the war years Thilmany officials encouraged its workers to participate fully in the war effort, even requesting that they donate a percentage of their wages to purchasing bonds.⁸⁷ Furthermore, the modernization plan itself trickled into employee benefits as the company instituted its first hospital and insurance coverage as well as a retirement plan. As the company's employment numbered over 1,000 for the first time in the company's history, hourly wage rates and the average annual income of its employees increased. Regardless of these increases the drastic amounts of earnings spent towards the Reorganization Plan made many employees and residents skeptical of the decisions being made. Thilmany board member, and future company president (1952) Charles Seaborne responded by stating, "We had no choice, either we did the job or we'd go out of business. We could not have competed either in quantity, quality, or price."⁸⁸

Again it seemed as if the relationship that had developed over decades of a community and company partnership swung in the favor of Thilmany. The company's employees as well as the city of Kaukauna remained patient with Stansbury and his decisions. The city offered an extension on the payments of the \$40,000 it lent to Thilmany in 1932, to allow the company to continue to pay its monthly payments elsewhere.⁸⁹ As World War II came to an end, there

⁸⁶ Stansbury, *The First Seventy Years*, 29.

⁸⁷ Bremer and Lyon, "A Little Ways Ahead", 66.

⁸⁸ Stansbury, *The First Seventy Years*, 35.

⁸⁹ *Ibid*, 30.

existed a concern that the drastic boom in production and sales caused by “the state of emergency” would be followed by a return to pre-war deficits. If the Reorganization Plan was not successful in maintaining efficient production, there would be a possibility that Thilmany would not be able to pay off its loans.

The Reorganization Plan did cost the company a great deal of money; (by the programs end in 1950 total expenditures reached \$12,000,000) however, the money was sensibly spent towards modernization, increasing machines, adding more employees, and new efficiency strategies.⁹⁰ Because of the mills new capabilities it was able to effectively transition from war time production to post-war production. As the government contracts expired, the demand for Thilmany’s specialty kraft (or glassline waterproof) remained high and with its new modernized machinery the company was able to quickly and efficiently meet the demands.

With the arrival of the 1950s, the future of Thilmany Pulp and Paper Company looked bright. The risky and expensive modernization was nearing completion. Within that year pulp production reached an all time high, \$320,000 was paid off on long term debt to The National City Bank, and the balance of \$28,000 due on the purchase of the Union Bag Building was also paid.⁹¹ The city of Kaukauna once again saw the benefits of Thilmany’s success, as the loan given to the company in 1932 was paid in full and the company again continued to give back to the community. In 1952 Thilmany reinstated its scholarship fund, donated money for park and recreational facilities, and started work on pollution prevention programs. By 1953 Thilmany was considered for the first time to be the largest strictly specialty mill in the country and sales reached record highs. As stated in an April, 1953 article in the Appleton Post-Crescent, “Thilmany went forward with this building program to stay in business and to make secure the

⁹⁰ *The Appleton Post-Crescent*, 7 April, 1953.

⁹¹ Stansbury, *The First Seventy Years*, 32.

jobs of the company's 1,350 employees, and it has deemed successful."⁹² The darkest days in the company's long history had come to an end.

CONCLUSION

So, here we are the lone survivor. Why? Because we have had a continuing management dedication to a job, faith in the future or our company, and supported this faith with aggressive action. Going back to the depression days of the early 30s, instead of sitting back and just hoping for better days, we helped bring them about by doing something about it.

Harold O. Peters, "Thilmany Business History"

By the controversial and complex 1960's, company and community each managed to maintain general levels of stability. However, Thilmany slowly began to lose its long-standing family based operations as the need for professional management to keep up with its competitors became more obvious. The years between 1959 and 1971 were complex years with some of the greatest periods of growth in the company's long and lucrative history. During this time Thilmany also witnessed and survived the second company strike and was lead by the last presidents to "hold the reins of family stewardship."⁹³ As national inflation problems plagued Thilmany executives, the pressures outside of Kaukauna and the state of Wisconsin became too much for the family orientated ownership to handle.

In 1969 Thilmany Pulp and Paper Company merged with Hammermill Papers through a transaction of roughly fifty-one million dollars.⁹⁴ Thilmany's traditional programs, especially

⁹² *The Appleton Post-Crescent*, 7 April, 1953. p. 1.

⁹³ Bremer and Lyon, "*A Little Ways Ahead*", 80.

⁹⁴ Hammermill was yet another German founded paper mill of the 1890s located in Erie, Pennsylvania. The mill drastically expanded through nearly all of the following decades minus the Great Depression 1930s, and by the time

those dealing with employer and employee cooperation and any city based activities would not be put at risk. Hammermill executives clarified that, “‘The people who live here and live the business and love it should run it.’ Their meaning clear— Thilmany would remain an independent company, plotting its own course of economic development, selecting its own people, and serving its own community.”⁹⁵

The longstanding partnership between the company and community did manage to continue through the 1970s and 1980s. President G. E. McCorison was known to actively engage in civic and community activities. He took pride in being one of the founders of the Kaukauna Youth Center, was a member of the executive board of the Appleton YMCA, and even received the highest scouting award for adult leadership in scouting, the Silver Beaver Award.⁹⁶ However, the commitment to community service that characterized the period between 1920 and 1950, diminished as the company continued to professionalize and secure its place on the national and international market.

In 1986, Hammermill was acquired by International Paper connecting the Kaukauna mill with an even larger corporation. In June of 2005 International Papers was purchased by a private New York firm by the name of Kohlberg & Company. Today Kohlberg serves as Thilmany’s exclusive stakeholder and is a business unit of Packaging Dynamics Corporation.⁹⁷

The company has survived the test of time to not only become one of the last remaining Wisconsin mills from the late 1800s, but one of the state’s and the nation’s top producers of specialty papers. This accomplishment by no means came without its challenges.

of the merger in the late 1960s to early 1970s it had the capacity to produce half a million tons of product in numerous mills in such states as New York, Pennsylvania, and Alabama.

⁹⁵ Bremer and Lyon, “*A Little Ways Ahead*”, 94

⁹⁶ *The Kaukauna Times* (Kaukauna, WI), 18 August 1983.

⁹⁷ Packaging Dynamics is considered to be a leader in flexible packaging and specialty papers for food processing, specialty laminations, and specialty papers. It operates through three independent businesses, Thilmany Pulp and Paper being one, Bagcraft Papercon in Chicago, and International Converter in Caldwell, Ohio being the other two.

During the first ten years of the mill's existence, its founder and president was able to successfully establish the company's production power in spite of the numerous mills located in Kaukauna. The innovation of first Oscar Thilmany and then Monroe Wertheimer, allowed the company to produce specialty products and therefore stand out from the neighboring mills. During the rise of the labor movement in the early 1900s, Wertheimer's business savvy and willingness to cooperate with his employees provided him and his management team with the ability to maintain relative harmony in the mill.

During the economically disastrous Great Depression of the 1930s, Thilmany was faced with plummeting sales and increasing debt. While many other pulp and paper mills were forced to shut down operations for long periods of time and some even permanently, Thilmany was able to scrape by and keep its machines running and the citizens of Kaukauna employed. Through its ability to consolidate its production facilities, the company was able to effectively communicate with its employees and run its machines more efficiently. The mill's management partook in a number of potentially risky financial decisions, including going through with a construction project.

From the earliest years of the mill's production, its leadership was able to forge a partnership with the city Kaukauna through numerous charitable acts ranging from housing plans to park and recreational projects. The company's ability to develop a partnership with Kaukauna provided Thilmany with not only the community support it needed but some of the financial support as well. As the company's financial debt continued into the 1940s, its cooperative relationship with the city and its employees and the innovation of its leaders again benefited the company, helping Thilmany to reach their recorded breaking sales of the 1950s.

With innovation, cooperation, consolidation, and community support, Thilmany Pulp and Paper Company was able to withstand and adapt to economic and social challenges. Now in its 125th year of production, the “centerpiece” of Kaukauna continues to produce the specialty papers that made it famous and remains as a testament to the ideas and characteristics of its early 1900’s leaders.



THILWERTH PARK “Dedicated to the memory of Oscar Thilmany and Monroe A. Wertheimer, pioneer manufacturers of pulp and paper in Kaukauna whose foresight and industry have contributed in such large measure to the growth and welfare of the community 1945.” This plaque is on the north side of the ship canal across from the Thilmany paper company.
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