

The other side of the story

What the media won't tell you about the Eaton empire

When the T. Eaton Company, one of the most powerful financial empires in Canada, celebrated its 100th anniversary in 1969, the Canadian press indulged in one of its more outstanding campaigns of glorification and omission.

Because the record of this empire, and the power it wields, is buried in the myths the company has created and the press has accepted, we belatedly celebrate the 100th anniversary of this silent mammoth in a two part series.

Adapted from The Last Post

The Eaton family is the sole owner of 48 department stores across Canada, five warehouses and service buildings, 352 catalogue sales offices, large tracts of strategic downtown land, and the personal Eaton's estates and fortune.

It is one of the most powerful concentrations of wealth, economic power and political influence in Canada.

It has cowed newspapers into silence, ordered municipal governments around, and maintained a large reservoir of political influence to this day.

While propagating the mythology that it was only interested in serving the interests of the country and its people, it wrote a history of reaction, manipulation and entrenchment, erecting a tower of wealth on a mountain of low salaries, poor working conditions, and arbitrary management.

Yet in periods it led in pensions, shorter hours, and welfare benefits to employees, and in the play of these seeming contradictions it erected an institution that has had a profound effect on Canadian life, and reflected much of this country's history — not all of it laudable.

It begs examination, because that is precisely what it has always successfully stifled.

Flora McCrea, born in Omemece, Ontario, married John Craig Eaton in 1901, and from the Twenties onward became the matriarch of the family — "A great traveller and social leader... a staunch patron of the arts..."

The attitudes of this matriarch from Omemece also reflect the ideas of the Eaton family and their concept of divine mission, and bring us closer to understanding the roots and nature of the paternalism that is the bedrock of the Eaton empire.

In a diary she wrote on a Maritimes fishing trip, and which she published privately for distribution to her friends, she makes these observations on the Quebec conscription crisis of 1917:

"We went on past the new park overlooking the River Valley and around the Plains of Abraham, and back through the New St. Louis Gate to the Chateau. We had dinner and afterwards walked up and down the Dufferin terrace where so many have walked through many years — where so much of the history of Canada has been cradled; and now in another crisis of our country we walk amidst it, our own countrymen speaking a foreign tongue; through misunderstanding and ignorance evading the responsibilities of the country whose advantages they enjoy; and one wonders what eventually will be the outcome. They are sheep without a shepherd, without even a sheep dog to keep them straight; but they are a simple-living people, and we cannot help feeling that if the present question of conscription is handled with care and explained to them (for it is largely that they do not understand it) then there will be no trouble" — September 1917. "Rippling Rivers".

The Eatons at that time owned a private railroad car, a yacht, palatial mansions, and a villa in Florence. Lady Eaton frequently travelled to Italy to get away from it all, and fondly recalls her travels in her book. But she omits recalling some of her more interesting impressions of that happy land in her book. Fortunately, they were recorded by The Toronto Daily Star, October 19, 1927:

ITALY NOW HAPPIEST LAND SAYS LADY EATON RETURNING PRAISES MUSSOLINI'S RULE

Found Whole Country Improved, People Happiest in World— Admires Signora Mussolini for Her Domestic Qualities— European Countries Unprogressive in Caring for Sick In the article she is quoted as saying how nice it was that no more do the beggars in the streets and around the cathedrals annoy everyone" and laments that "Mussolini is not really in good health, he suffers intense pain and the

only relief he gets is in distracting his thoughts by playing his violin."

She also pronounces herself on womanhood: "I may be called antiquated for some of my ideas," Lady Eaton said, "For I am not one of these 'votes for women' women. I do not see that women have gained much by the vote — it has merely complicated the problem because the vote is not restricted to intelligent women. I think the vote is rather a nuisance myself."

"Lady Eaton considers that a woman can find no greater sphere of endeavor than in her own home. 'I may sound old-fashioned in saying that,' Lady Eaton said, 'but I believe that women have lost sight of that fact to a certain extent and that they are coming back to it.'"

On November 16 she sang at Massey Hall for Toronto's elite, and the Toronto Star burred:

VOICE OF RARE SWEETNESS CHARMS TORONTO AUDIENCE

The flavor of the fawning review is not to be missed: "Luigi Von Kunitz tapped with his baton on his desk. The orchestra paused from its overture. A slender figure came from under the curtained archway and advanced quickly through the maze of chairs and music stands. The conductor left his platform to meet her and escort her to the footlights. . . bowed to left and right gracefully but not lingeringly. . . Her deep toned 'Helas', with which she began the aria's change from inter-rogation to regret, was a true cri de coeur."

On one of her visits to the Winnipeg store, she made "a morning tour" of the Mail Order buildings with Eaton's chief in that city, H.M. Tucker. Here she recounts how she gave the unfortunate Mr. Tucker a lesson in employee relations:

"When we returned to his office, I looked at him, and said, 'Mr. Tucker, that was just useless.' He asked what I meant. 'Well,' I said, 'our people were looking for some friendly contact with us, and neither of us gave it to them. Neither one of us smiled.' His reply was, 'But I don't smile readily.' And to that, I said, 'You'll have to learn, and we're both going to do better this afternoon.' After lunch we continued our tour, going this time through the Store, and I'm glad to record that Mr. Tucker smiled and I smiled too. I'm positive our afternoon's activities netted infinitely better results than the morning's."

Goliath Meets David

In 1934, a remarkable figure in Canadian politics took aim at the big companies in Canada and went on a private radio and pamphlet campaign to expose the conditions of workers in factories, and the transgressions of high finance. He was all the more remarkable because he was



Lady Eaton

the Minister of Trade and Commerce in the Conservative government of R.B. Bennett. This man, Henry Herbert Stevens, hurt the Bennett government so much with his attacks that he was persuaded to resign in October of that same year.

But he had managed to leave a legacy — part of which was the Stevens Committee on Price Spreads, as swash-buckling a one-man attack on private interest and its role in the Depression as has ever rolled over Bay Street.

The favourite target of this curious Red Tory was the retail trade. And that meant Eaton's. For the first time in history, with batteries of company lawyers kicking and screaming, the untouchable company was forced to bare its dealings, wages, capital, profits and losses.

As the Eaton dress factory workers (women who struggled at living on the prevailing \$12.50 minimum weekly wage) in Ontario were brought to testify about working conditions, salaries, battles between the International Ladies' Garments Workers Union (ILGWU) and Eaton's, a picture emerged of the sweat that was the base of the glitter of the Florence villa, the court receptions, and the ecclesiastical silence of the press.

The witnesses before the committee (it was made a full royal commission in the fall of 1934) admit that working conditions were not among the worst until the death of Sir John Eaton, and the onset of the Depression. But they give a picture of where Eaton's transferred the misery that arose from the lower sales of the Depression period.

The minimum wage in Ontario at the time was \$12.50 for a 44 hour week. More precisely, the law required only that 80 per cent of a department average \$12.50, and the other 20 per cent were uncovered. The companies, therefore, could and did play the averages game with employees' salaries.

When the slump in buying came, its implications were immediately dumped on the factory employees. Where a dressmaker would earn \$3.60 a dozen for her work on a particular voile dress, in 1933 her rate of earning was knocked down to \$1.75 for the same dress, and the same work. For an eight-hour day she would, if she worked very hard, take home \$2.50. Even in the Depression, this bordered on the outrageous. Eaton's de facto policy at the time was so petty that if a woman earned 33-3/4 cents on a piece, she did not receive the fraction, but was computed at 33 cents.

With styles becoming more complicated, and the dresses harder to make, the rates were not raised but drastically lowered, and the women expected to produce more, not less. Witnesses speak of being "badgered and harassed" and "threatened if you did not make the \$12.50 you would be fired." They were clocked by stop watches, disciplined for slow work by being sent home to sit out a week with no wages. If they came five minutes late for work, they were frequently locked out of the plant and forced to go home without earning anything that day.

Eyewitness Account

One case out of many was that of Miss Winnifred Wells, an 18-year Eaton's veteran, who recounted to the commission how she was approached by one of the managers, a Mr. Jeffries, and asked if she had made her minimum for the previous Friday.

"... I said 'No, I have not.' I think I was about 30 or 75 cents short."

The manager returned in half an hour and told her "You go home; go home and don't come back until I send for you, and we will send for you when we are ready."

She went to Jeffries' superior, a man named Conroy. "And he said that was a new system that we are bringing in, every time a girl fell down on her work she would get a week's holiday, go home for a week."

"And I asked him if he thought that was quite fair; that was the first day in the week; I had the rest of the week to make up the \$12.50. And he did not seem to consider that was anything at all."

"... So I asked him how he thought a girl was going to live if she was going to be sent home every time she fell down on her money. He said it did not matter to him, none of his business, and got very angry over it."

Of course if Miss Wells were starving, she could have reported to the welfare office at Eaton's. It was a matter of company pride that it had a generous welfare office. It is in the nature of this sort of corporate paternalism to take care of the needy — and also to make sure that the welfare office would never be underpopulated. Eaton's took care of its sick and destitute. But why would it never translate the funds available for welfare into a decent wage?

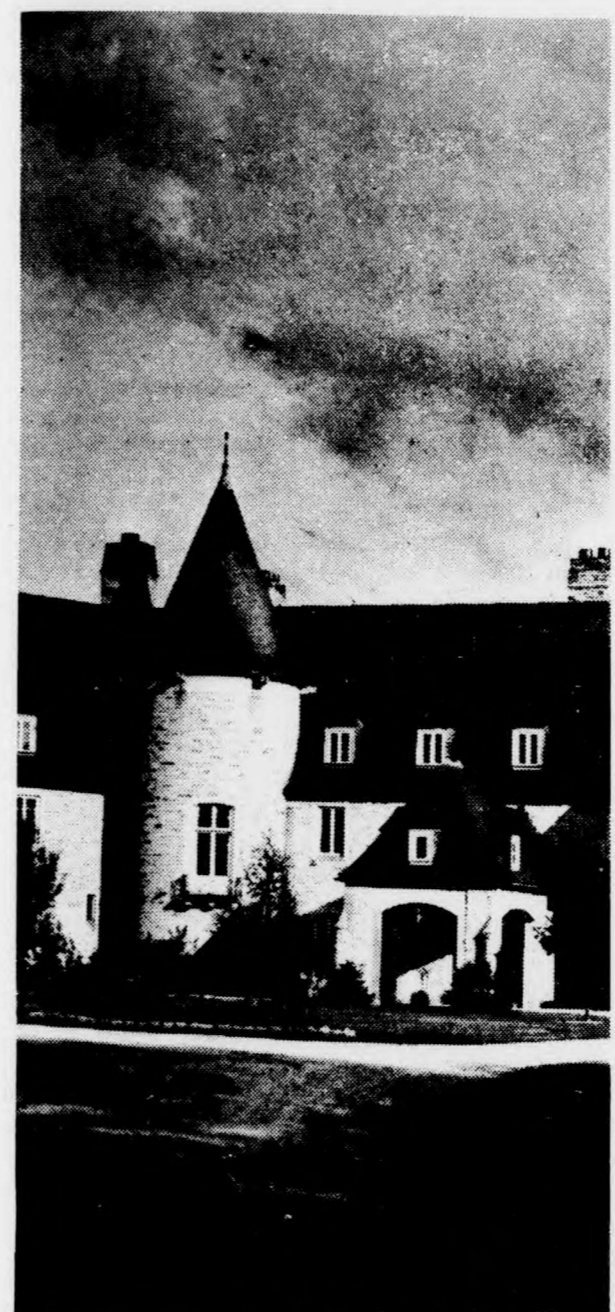
If the workers received a decent wage, they might get notions of having earned it, instead of having received it. It might lead to such violations of "family" corporatism as unions. . .

Workers Locked Out

On July 11, 1934, an incident occurred that clarified Eaton's attitude towards unions.

In March and April of that year, the women of one department organized into a local of the International Ladies' Garments Workers Union. Witnesses before the commission testified that they had been warned against organizing into a union. A manager named Clendinning said to the girls that they didn't need a union and told one "how would she like to go home with \$6 a week and he said some of the fellows in the office went home with \$6 a week; and she told him he ought to be ashamed to say that they got that. . . He told us we were out of our class, that we were mixing with the people on Spadina." (union officials

— Spadina Road is Toronto's dressmaking district.) But the women joined the union — 38 in that section and began to ask for higher rates on some of the dresses they were working on. Eaton's made short work of them. On July 11, after several days of asking for higher rates



Eaton Hall

on a specific dress, the committee representing the women went to see management (a Mr. Moore and Clendinning) to ask again if they would raise the rate, and were told definitely not — "take it or leave it." So the women stopped work that afternoon and waited to see what would happen. They were summoned to see Moore and Clendinning.

"... and Mr. Clendinning asked each of us how long we had worked there. We told him. He wrote that down. Then he said 'Are you willing to work on this style?' We said no, we would like to have the price raised. He said 'Well, you can wait until 5:30. If you cannot make up your mind to work then we no longer require you.'"

The women asked for passes out of the building to see their union officials, and were granted them. The officials urged them to go back to work and press for the higher rate without a work stoppage.

"We went back the next morning ready to work. . . We went back and the time keeper would not let us pass. . . We went up to the 9th floor. We were ready to go downstairs to take our machines and he told us our cards were out. . . We were locked out. We did not strike, we were locked out."

Workers Reject Union

On the night of December 4, 1951, Eileen Tallman, an organizer for the United Steelworkers of America, and Lynn Williams, a young organizer for the CIO, sat over a beer in a tavern on Yonge Street, both in an elated mood.

On the same night, in the Eaton family home, Lady Eaton, John David Eaton, several directors and managers sat dispirited, waiting for the same moment.

Williams, now with the United Steelworkers of America in Toronto, recalled the night:

"We couldn't believe it had happened. We had been organizing for three years — it's impossible to describe the energy that went into that. Despite all the obstacles — the company propaganda campaign, the raises that were calculated to pull the rug from under us, the high turnover of staff — despite all that Eileen and I were sure we had won. The managers were pretty depressed because they also thought we had won."

"That moment was the first hard lesson I got in labour organizing. So close. . ."

Out of 9,914 Eaton's employees eligible to vote in the Toronto stores on whether or not to join a union, 4,020 voted for the union, 4,880 voted against, 259 ballots (mostly for union) were spoiled.

The elation in the Eaton home, it is reported, was unbounded.

The Retail, Wholesale and Department Store Union (RWDSU) had begun organizing at Eaton's in Toronto during the summer of 1947. Because of the magnitude of the task — almost 10,000 workers of the 13,000 were eligible for unionization — a special committee of the Canadian Congress of Labor (affiliated with the CIO) was formed to organize the store into Local 1000.

"People's dissatisfaction" says Williams today, "was primarily over salaries — there were wide discrepancies between people who did essentially the same jobs. Women were paid much less than men for doing the same job."

"And there was the paternalism of the place — you had to make sure you were in the manager's favour or you were out, they controlled you completely, raises and promotions were not given on any general standard, but frequently on a totally preferential system."

Eaton's Scare - Campaign

Williams admits the company fought back with a calculated, intelligent campaign that spared no costs either.

A group of employees "spontaneously" formed a counter association called "The Loyal Eatonians", though the company insisted it was not behind the formation of this curious loyalist movement. The group produced a series of slickly-written pamphlets attacking the union that showed clear signs of company help.

Examples of the contents of some pamphlets: "Why are these outsiders so concerned with your 'welfare'? They say they want you to enjoy the benefits and privileges they enjoy. Obviously they know little about you or this company!"

"Obviously there is a lot more to this than warm, brotherly love."

"Let's do a little figuring; 'Local 1000's dues are now fixed at \$1.50 a month. If they go no higher the CIO could take no less than. . . \$100,000 A YEAR OUT OF YOUR POCKETS!'"

"If dues go up to \$2.50 or \$3.00 a month as they have in many unions, the union take would be somewhere in the neighborhood of. . . \$400,000 A YEAR!"

"Multiply that by the scores of department stores and thousands of retail outlets in Canada and you begin to get a glimpse of the rich prize the CIO is grasping for. You are the first step."

A pamphlet distributed November 13, 1951, a month before the vote, plays on the paranoia of the period. Under the title "WHAT ARE THEY SELLING?" they list: "COMMUNISM"

"And Communism has been an issue at least once (in the history of the CIO)."

"Its crimson hue showed up in 1948 when the New York locals broke away from the RWDSU and the CIO. Their leaders could not, or would not, sign affidavits they were NOT Communists as required under the U.S. Taft-Hartley labor law."

"Eventually, most of them did join a frankly Communist-led group. Macy's stayed out, however, but continued to conduct its business from the same lawyers' office as the Communist group."

Then the pamphlet cleverly lists all the names of the union executive, under the same heading that the above came, leaving no doubt that these people are obviously Communists too.

Another pamphlet, entitled, "IT'S ALWAYS OPPORTUNITY DAY AT EATON'S," uses a Horatio Alger approach and tells the story of 11 directors and managers who clawed up through the ranks from stock boys and ledger-keepers.

But the company had an even more effective weapon to fight the union: money. The company did not intimidate employees, or fire union sympathizers. It simply brought in four general wage-hikes of \$2 at three-month intervals, a pension plan and an improved welfare scheme — all much touted by the local press, which otherwise completely ignored the unionizing drive.

The post-mortem report done for the CIO attributes the defeat, by a margin of 10 per cent, to "the anti-union campaign put on by the company during the final weeks of the vote" and the general wage increases. It concludes tersely — "and this line worked."

It did more than once.

John Deverell, a former employee of the wage administration office in the Winnipeg store, recalls being sent in 1964 to survey wages in the town of Dauphin, Manitoba, where Eaton's had a small store and restaurant. He had been sent on a routine survey of wages, and was about to report that he found them relatively geared to the local rates. But suddenly the Winnipeg office informed the Dauphin store that their wages were being hiked by, "over \$10 at least," according to Deverell.

"The reason was simple," he said: "It was explained to me by the chief wage administrator for Winnipeg and the western region, my boss, Garth Arnason. He said that a Dominion store had just been organized into the union in the same town, and there were many restaurant workers in the store too. The comparison in wage rates to Eaton workers would have been a little too obvious."

"So the salaries were immediately jacked to stave off any grounds for unionizing attempts by the employees. "Arnason told me: any Eaton's wage administrator that allows a union to be formed in his jurisdiction is immediately fired."

Today, the average wage of a saleswoman in the Toronto store is \$1.70 an hour, and that of a salesman \$2 an hour.

At the RWDSU office in the Ontario Federation of Labour building, they say "hundreds" of calls are received annually from Eaton's employees asking why there is no move to unionize them. They are regretfully told of 1951.

"It's hard to understand how we lost," Williams says today. "Maybe collective bargaining was not that accepted then. We came awfully close, nevertheless. It's the paternalism, though. And that's an elusive idea — how the men and women, the older ones of course, really believed all that Lady Eaton, and the family company stuff, they wanted to believe it. They gave them the frills and told them they were getting the substance."

"Eaton's is different, and more dangerous. That place was run on an ideology. It really controlled people."

"I remember we once put out a pamphlet on the Eaton mansion, and the incredible, gross luxuries in there. It was a castle, something out of another time. We thought the contrast to the working conditions would hit the workers, if we described this place."

"But I remember people really resonated that piece. They really thought we should not have talked about the family, and their private place."

(Next week: Eaton's in the '60s)



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