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Article abstract

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The Struggle to Organize Stelco and Dofasco

Robert H. Storey

This paper examines the evolution of industrial unionism in Canada during the 1930s and 1940s through a comparative analysis of events at the Steel Company of Canada (Stelco) and Dominion Foundries and Steel (Dofasco).

Until recently the rise and consolidation of industrial unionism in Canada has attracted surprisingly little attention from researchers. For the most part labour and social historians have concentrated on reconstructing the complex events of late nineteenth and early twentieth century working class and trade union history, while those analysts active in labour studies and industrial relations have viewed their task as detailing and comprehending contemporary events. The research that has been carried out has traditionally taken the course of charting the origins and growth of individual unions — or a series of unions — within the context where it is assumed that Canadian workers willingly and enthusiastically took up the cause of unionism. If their efforts proved fruitless, the failure of the workers is explained almost solely by strong opposition from employers and lack of collective bargaining laws giving workers the right to form unions while obliging employers to bargain with these unions.

Neither the assumption or the explanation offered are incorrect. Tens of thousands of Canadian workers did champion the cause of industrial unionism in the 1930s and 1940s; and, until the federal government was pressured into passing collective bargaining legislation, the young and divided industrial labour movement rarely emerged victorious in its contests with Canadian corporations. Nevertheless, it remains the case that large numbers of Canadian mass production workers rejected the appeals of unionism for reasons that can not be completely subsumed under either of these factors.

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The purpose of this paper is to examine the evolution of industrial unionism in Canada during the 1930s and 1940s through a comparative analysis of events at the Steel Company of Canada (Stelco) and Dominion Foundries and Steel (Dofasco). Standing alongside each other, these two Hamilton, Ontario, companies became the target of a union drive that ended in victory for the union at Stelco and defeat at Dofasco. In explaining these divergent results it will be argued that the empty paternalism, antagonism and indifference of Stelco management towards its workforce allowed an indigenous and determined union cadre to convince the majority of Stelco workers that their desires for security could best be met through the establishment of a union. With regard to Dofasco, new and innovative welfare capitalist programs introduced in the late 1930s — especially the profit-sharing fund — provided the workforce with a sense of security missing among Stelco workers. As importantly, Dofasco management's consistent and determined policy of dismissing union activists not only eliminated the critical component of an indigenous leadership, but created a pervasive sense of division and fear among Dofasco Workers[1].

MAKING STEEL IN THE 1930's

A visitor to Stelco and Dofasco in the mid 1930s would have been struck primarily by the contrasts between the two companies. Situated alongside one another in the centre of Hamilton's industrial core, Stelco was by far the largest and more important firm. Formed in 1910 out of merger of five companies, Stelco had risen from the shadows of both the Dominion Steel and Coal Company (Dosco) in Sydney, Nova Scotia, and Algoma Steel in Sault Ste. Marie, to take its place not only as Canada's leading manufacturer of basic steel, but also as the most diversified of the three firms. Given the small size of the Canadian markets for steel products, product diversity helped Stelco remain profitable even during the leanest years of the Depression — years when Dosco lost millions and Algoma closed altogether[2].

1 For a comprehensive analysis of events at Stelco and Dofasco during this period, see R. STOREY, «Workers Unions and Steel: The Shaping of the Hamilton Working Class, 1935-1948», Ph.D. Dissertation, University of Toronto, 1981.

2 Stelco's story is recounted in W. KILBOURN, *The Elements Combined: A History of the Steel Company of Canada,* Toronto, 1960. For an analysis of the varying fortunes of Dosco, see P. MACEWAN, *Miners and Steelworkers,* Toronto, 1976, and D. FRANK, «The Cape Breton Coal Industry and the Rise and Fall of the British Empire Steel Industry», in D. MacGillivray and B. Tennyson, eds., *Cape Breton Historical Essays,* Sydney, 1980, Algoma's course is charted in D.F. MACDOWALL, *Steel at the Sault: Francis H. Clergue, Sir James Dunn, and the Algoma Steel Corporation, 1901-1956,* Toronto, 1984.

In contrast, Dofasco was a very small manufacturing concern. Put together in the 1910s by American industrialist, C.W. Sherman, Dofasco's fortunes were based, precariously through much of the 1920s, on its foundry operations. In 1919, the company had purchased a plate mill, but low demand forced it to mothball this part of its operations until 1929 when the market for plate picked up. In fact, with the precipitous decline in demand for foundry products in the 1930s, it was the plate mill which kept Dofasco solvent during that period. Indeed, it was probably Dofasco's growing dependence on its rolling operations that convinced management to purchase and install Canada's first tin mill in 1935[3].

Thus Stelco and Dofasco seemed a study in contrasts. On the one hand, Stelco was a fully-integrated steel producer — that is, it made steel out of pig iron poured from its own blast furnaces. In addition, the company always employed (in all of its operations) over 4,000 workers (at times over 7,000 workers) from the year of its formation in 1910 through to 1933 when employment dropped to just over 3,000. Dofasco, on the other hand, employed approximately 1,000 workers at the best of times (slipping to one-half that number during the early 1930s), and made steel and cast iron products out of scrap melted down in its small open hearth and electric furnaces. As importantly, Stelco's operations, while managed on a day-to-day basis by men trained in the making of steel, were increasingly being attended to by chief executives like Ross H. McMaster (president from 1926 until 1945) from his offices in Montréal. Across the road at Dofasco, president C.W. Sherman, presided over an executive of seven men who all lived in the city and who took an active role in the company's operations. Indeed, one senior employee of the firm recalled that when «Dofasco first started up, the Shermans worked right out on the floor with the men. They were even bumming cigarettes of the guys»[4].

Beneath these differences, however, lay some significant similarities. One common area was working conditions. Workers in both companies complained often of the low wages and the cuts in those wages they were forced to take during the worst years of the depression. Indeed, works manager, R.A. Gilles, grew increasingly exasperated at having to explain the company's refusal to grant wage increases. Issuing a statement fully

3 As a result of this purchase, and, more significantly, the decision by Dofasco management to construct a Basic Oxygen Furnace (BOF) in the early 1950s, the company has earned a reputation as an innovative as well as a progressive employer. In contrast, Stelco decided to expand its capacity in the 1950s by building more and larger open hearth furnaces. Their first BOF's went into operation at Hilton Works in the early 1970s — a factor which was characteristic of their conservative approach to steelmaking and which has played a major role in their declining position in the Canadian steel industry.

4 Author interview with Andrew Hargot, 21 February 1980.

reflective of management's parternalistic orientation, Gilles informed Stelco workers the «matter of proper wages is a complex issue and only those who have all the information concerning the industry were qualified to pass judgement.» In closing the question, he stated that «the men managing this company have studied the entire problem and do not feel that it would be in the best interests of all concerned to raise wages at this time»[5].

The same situation held with respect to vacations with pay. Prior to 1935, neither Stelco or Dofasco made provisions for holidays for their employees in the mills — even for those who had over 25 years of service in the Company. These men went without holidays (needing the money), or they made arrangements with their co-workers to cover their jobs when they were away. None of this time, however, was compensated by the companies. Needless to say, the lack of time away from work was a deep source of friction between labour and management, especially at Stelco where salaried employees received two weeks with pay after one year of service.

Both companies were dangerous places to work. Dofasco, for example, had earned the dubious reputation as a «slaughterhouse of accidents.» Making castings involved pouring molten metal into moulds made out of silica sand. Once the moulds had hardened, men known as chippers worked to remove bumps and imperfections from the castings. According to William Pawliw, the chipper's job was the most difficult and dirty in the foundry: «We cleaned the casting off the silica sand. We inhale the silica sand... And hard work. Compared to another shop like the plate mill and machine shop, the chip shop was the worst, the hardest job.»[6] There was also the overwhelming noise of the steel mill — from the incessant screeching of the electric furnaces to sirens wailing away to warn workers on the floor of the approach of overhead cranes.

Under such conditions accidents were a common occurence and a source of great concern to workers at both Dofasco and Stelco. Given the superior power of management in the 1930s, however, there were few avenues open to workers to ameliorate these harsh conditions. Indeed, if an accident occurred on the job, workers were likely to mask their injury for fear of being sent home. For as these workers understood, an injured worker was a liability to management and being off the job even for short periods was often tanamount to losing one's job.

A final area of comparison lies in the shopfloor relations between workers and their immediate supervisors. As in most industries during this era, executives at both Stelco and Dofasco allowed their superintendents

5 *Works Council Minutes,* 21 October 1936. (Hereafter *WCM*)

6 Author interview with William Pawliw, 21 February 1980.

and foremen considerable leeway in running their departments. On the positive side, this meant that those in command were men disciplined in the making and finishing of steel — men who prided themselves on producing good steelworkers and turning out an excellent product. On the negative side, the power handed to these men was often misused. In both companies, it was a common practice for workers, especially those with eastern and southern European heritages, to have to pay their foremen both to obtain and to keep their jobs. Relatedly, while wages, or the range of wages, were set by higher-level management, foremen and superintendents could reward their favoured workers by paying them a few cents an hour more than those they disliked or who did not belong to the same fraternal association[7].

Thus, it can be seen that in all the areas that touched most closely on the actual relations between workers and management, the points of similarity outweighed the points of divergence. As a result of insecurity of employment, low wages, few or no holidays with pay, hazardous working conditions, and the exercise of arbitrary power by immediate supervision, workers at both companies were natural targets for the industrial union movement that was sweeping up mass production workers in the United States in the mid 1930s[8].

THE EMERGENCE OF INDUSTRIAL UNIONISM

Both companies had histories of unionism. In the 1910s, C.W. Sherman had joined forces with other Hamilton employers to crush Local 26 of the International Molders' Union. In 1919, workers in Stelco's recently-purchased sheet mill were at the centre of efforts to organize workers into Irondale Lodge, No. 1005, of the Amalgamated Association of Iron, Steel,

7 This description of the powers of foremen is consistent with other analyses of shopfloor relations in mass production industries in the 1930s. For an examination of the steel industry in Hamilton prior to the 1930s, see C. HERON, «Hamilton Steelworkers and the Rise of Mass Production», in Bryan D. PALMER, ed., *The Character of Class Struggle,* Toronto, 1986. For an American example, see R. SCHATZ, *The Electrical Workers: A History of Labor at General Electric and Westinghouse, 1923-60,* Chicago, 1983. A more general treatment is available in D. NELSON, *Managers and Workers: Origins of the New Factory System in the United States, 1880-1920,* Madison, 1975.

8 There are now a great many analyses of this period in American labour history. For example, see I. BERNSTEIN, *The Turbulent Years: A History of the American Worker, 1933-1941,* Boston, 1971; D. BRODY, *Workers in Industrial America: Essays on the Twentieth Century Struggle,* New York, 1980; R.W. SCHATZ, *The Electrical Workers: A History of Labor at General Electric and Westinghouse, 1923-60,* Chicago, 1983; M. DAVIS, *Prisoners of the American Dream: Politics and Economy in the History of the US Working Class,* London, 1986.

and Tin Workers (AAISTW) — a craft union affiliated to the American Federation of Labor (AFL) that had been transformed into a quasi-industrial union for the purposes of conducting the historic, but ultimately unsuccessful, steel strike of 1919[9]. At that time the company had countered the union — which claimed some 1,300 members — by introducing a pension plan, a company magazine, and wage increases. While these measures may have been somewhat successful in dulling the enthusiasm for unionism among Stelco workers, it was the recession of the 1920s which played a more incisive role in undercutting support for Irondale Lodge, No. 1005[10].

The drive for unionism defeated, Stelco was nevertheless forced to suffer the presence of a small but determined group of unionists in its sheet mill — men who they could not summarily dismiss because of their skills[11]. During the 1920s and early 1930s this band of unionists posed few problems aside from their propensity to conduct spontaneous work stoppages whenever a grievance was not quickly satisfied. By the mid 1930s, however, this situation was changing. After allowing their affiliation to the AAISTW to lapse, sheet mill workers reformed themselves into the Independent Steel Workers' Union and in May 1935 struck the company for recognition of their union and a wage increase. While the company did agree to review their wage rates, president McMaster steadfastly refused to grant union recognition.

The significance of the strike went far beyond its immediate aftermath. For its part, Stelco took a page from large American steelmakers and introduced an Employee Representation Plan (ERP), or Works Council, ostensibly to facilitate constructive dialogue with its workforce, but in reality to provide a forum where the company could make known, legitimize, and disseminate its views via the elected employee representatives.

Sheet mill unionist also adopted a new strategy. No doubt stirred by the industrial unionism of the emerging Congress of Industrial Organization (CIO), the members of the Independent Steelworkers' Union voted to expand their union beyond the sheet mill to include «all workers, irrespective

9 D. BRODY, *Labor in Crisis: The Steel Strike of 1919,* New York, 1965, gives a comprehensive account of this historic strike. C. HERON, *Working in Steel: The Pre CIO Era in Canada,* (Forthcoming), describes and analyzes the extent of organization and activity of Canadian steelworkers in the late 1910s and early 1920s.

10 For a more comprehensive accounting of this period in Stelco's labour history, see C. HERON, *Working in Steel: The Pre-CIO Period in Canada,* (Forthcoming).

11 The production of sheet steel was one area that seemed to defy technological change of the kind that had taken place in most other areas of steelmaking. Thus, Stelco's old hand mills required skills that came only with years of experience. The 1935 strike of sheet mill workers to be described very briefly below was brought about, in part, by company plans to install new automated mills.

of nationality, colour, creed or the importance of their particular job as a steelworker»[12]. After this transformation, affiliation with the CIO's union in steel, the Steel Workers' Organizing Committee (SWOC), was a short step to take[13].

The agreement reached between SWOC and United States Steel in March 1937 stunned workers and management alike. After the shock had worn off, steelworkers were infused with a sense of inevitability: as U.S. Steel goes, so go the rest[14]. This was not to happen at Stelco or Dofasco. While membership rolls swelled in late 1936 and early 1937, the institution of wage increases and paid holidays combined with renewed economic recession to sap the enthusiasm for and nascent strength of both local unions. At Stelco, union members were forced to shift their attention to the deliberations of the Works Council where they attempted to expose the limitations of such a structure, thus demonstrating the need for a bona fide union. Meanwhile, on the shopfloor, workers continued to fear for their jobs should they look at the foreman the wrong way.

Management at Dofasco embraced an entirely different strategy in combatting the pull of the CIO. When union activity first appeared in their mills in 1936, Sherman acted quickly to have the leaders laid-off or fired. The first to bear the brunt of this action were two electricians hired on to help install the wiring in the company's new tin mill. Members of a local of the International Brotherhood of Electrical Workers, both men were reportedly members of the Communist Party of Canada and dedicated to building industrial unionism in mass production industries. Told there was no more work for them, they were laid off[15]. Other workers — members of the executive of Local 1004 — were summarily fired, while the firm's immigrant workmen were threatened with dismissal if they signed a union card.

12 *Steel Workers' News,* 1, 1 September 1935.

13 Like other industrial unions in the United States, the SWOC was born out of the split between those unionists who wanted to organize mass production workers into industrial unions and those who favoured organizing them (if they wanted to organize them at all) into already existing craft unions. John L. Lewis, president of the United Mineworkers of America, was among the strongest proponents of organizing these men and women along industrial lines; indeed, it was Lewis' union that advanced one-half million dollars to the SWOC at the outset of the campaign in the American steel industry.

14 This was not to be the case as the companies collectively known as «Little Steel» fought the union with every means at their disposal — including spys, hired thugs, and guns. Indeed, these companies were not organized until 1941. For an insightful analysis of the factors underlying the 1937 contract between SWOC and U.S. Steel, see R.A. LAUDERBAUGH, «Business, Labor, and Foreigh Policy: U.S. Steel, the International Steel Cartel, and the Recognition of the Steel Workers Organizing Committee», *Politics and Society,* 6, 4, 1976.

15 That there was work to be done was evidenced by the hiring of John Taylor as Hunter's replacement. Author interview with John Taylor, 16 January 1980.

Within a period of a few months, then, Dofasco management was able to rid itself of an indigenous union leadership and strike fear into the remainder of the workforce. While Stelco workers were also fearful, company officials there did not have the same latitude in eliminating the «communist union agitators» in the sheet mill as they were in need of their skills. This difference was to prove crucial in the months and years ahead.

Another critical difference involved the second prong of Dofasco's new industrial relations strategy: instilling loyalty. At the same time that management was dismissing union activists and intimidating its sympathizers, they were also introducing a series of «welfare capitalist» measures designed to stabilize labour turnover by promoting worker identification with the company. The first of these measures was the company picnic where the mills shut down and workers and their families travelled to a nearby recreation area to enjoy a day of festivities organized and paid for by the company. The annual Christmas party was introduced the same year. Once again, the company shut down for the day and employees arrived to find bonuses of ten dollars and a cigar for each man, food baskets for their wives, and new toys for their children. Santa Claus was there to entertain the children, as were a host of clowns and the Dofasco choir. Each member of Dofasco's executive was also present, ready to shake the hand of every employee and his wife when they entered the tin mill.

Each of these events were closely chronicled in the company's new magazine, the *Dofasco Illustrated News*. Also introduced in 1937, the new magazine was intended to explain the policies and programmes of the company to the employees in a simple, comprehensible manner. It was also meant to integrate the daily and long-term interests of the workers with those of the company[16]. Thus, the magazine was replete with glossy photographs of company executives greeting and talking with workers on the shopfloor and of workers and their families in their homes and at play. Indeed, home and family were themes that Claudius Gregory, the editor of the *Illustrated News*, continually referred to in his columns[17]. In one article,

16 For a discussion of the role of company magazines within the broader welfare capitalist initiative, see S. BRANDES, *American Welfare Capitalism, 1880-1940,* Chicago, 1976. In 1921, a bulletin of the Canadian Department of Labour, entitled *Employers' Magazines in Canada,* quoted one author who stressed «the importance of having the magazine go directly into the homes of the workers and of having material that will interest the families of the workers as well as themselves... because when an industry has captured the good will and co-operation of the women who are indirectly dependent on it for their livelihood, it has gone a long way towards allaying industrial unrest». This was a supplement to the *Labour Gazette,* October 1921.

17 Gregory was a novelist of strong religious convictions living in Hamilton. He was the author of a book, *Forgotten Men,* Hamilton, 1933, which told the story of the son of a local foundry owner who took up the cause of the city's unemployed only to die in jail as a result of his efforts. It was a thinly veiled updating of the story of Jesus Christ wherein a worker, one of the hero's «disciples», betrays him to the police.

directed towards the wives of Dofasco workers, Gregory wrote about the «goodwill» the company had shown its employees over the years and of how Dofasco wives had the responsibility of building upon the good feelings generated by the company.

«When hubby comes home from work, tired and hungry, and you have prepared his favourite dish for him, there is no doubt in our minds that your stock has soared even higher in his estimation. After a good meal, and he has settled down in his own special chair, his pipe lighted and his slippers on, what better time is there to talk over the good things in life that we have who are members of the Dofasco family.»[18]

These programs and policies were complemented by others, including the Recreation Club, established by the company in 1943 in order to take control of teams and activities previously organized by the employees themselves but which had been discontinued at the outset of the war. The company moved into this area, according to one company official, because Gregory «seemed to think it was a good thing to have for employee morale»[19]. In so doing, Dofasco was, consciously or not, heeding the advice of organizations like the Industrial Recreation Association which advocated such programs for the benefits companies derived from improved productivity, spotting leaders among the workforce, and for the public relations gains to be made both within the company and in the wider community[20].

As important as each of these innovations were, however, the centrepiece of these welfare capitalist policies was unquestionably the profit sharing fund. Also established in 1937, the fund was hailed in the pages of the *Illustrated News* as management's commitment to ensuring that each one of its employees would never again have to worry about the future.

«Security for every DFS employee is the motive of the Fund. It provides for old age so that no man no longer holds fears about what lies in the future. It gives protection right now for wife and children, gradually replacing insurance. It will eventually tend to guarantee steadier employment, for its basic principles lead up to this».[21]

Workers could not join the fund unless they had three years of continuous service with the company. Once this requirement was met, workers gave over either three of five percent of their yearly earnings up to a maximum of 150 dollars which the company was to match by «an amount equal to 10 percent of its net earnings, but not more than four times the amount of the employees' earnings»[22]. Money accumulated in the Fund was

18 *Ibid.*

19 Wayne Roberts interview with Murray Dick, 1980. (Tape available at Labour Studies Archives, Mills Memorial Library, McMaster University.)

20 These were some of the benefits listed in H.D. MEYER and C.K. BRIGHTBILL, *Community Recreation: A Guide to its Organization,* New Jersey, 1956.

21 *IN,* 2, 5, May 1938.

22 *Labour Gazette,* 38, 7, p. 753.

to be invested in trust fund securities or government bonds and annuities and employees could withdraw their money at any time they desired. How much they could take out of the company's contributions, however, depended on their length of service. For those workers «already old in the service of the company», they were to be taken care of by «a special fund augmenting their savings and profits in the fund»[23]. Any suspicions that workers had about the fund were quickly dissipated when the war expanded the order books and guaranteed steady wages and high company profits. In this way, Dofasco's profit sharing scheme escaped the fate of hundreds of comparable programs which floundered on worker opposition to trading wages for small of non-existant profits. In short, the introduction of the plan could not have been more propitious in its timing.

In sum, the profit sharing fund was the essential ingredient in Dofasco's human relations orientation to promoting employee loyalty. This should not be taken to mean, however, that the other programs were without importance. In fact, the presence and future elaboration of the company picnics, Christmas parties, recreation club, etc., provided workers with further evidence that the profit sharing plan was not, as some critics claimed, simply an employer technique designed to increase productivity and profits while stabilizing wages. As such, the fund supported company claims of care and concern for the workers.

As the 1930s came to a close, then, it was apparent that while the severe economic conditions of the era had produced common concerns regarding security among workers at both Stelco and Dofasco, management officials decided to take their firms in different directions. Aside from wage increases and the introduction of holidays with pay, Stelco chose to maintain past policies and practices, the major exception being the establishment of a Works Council that systematically ignored the demands of the worker representatives on all substantive issues. In short, the content of shopfloor relations remained unchanged. Dofasco, on the other hand, altered its course in a dramatic fashion by instituting programs that promoted the «Dofasco Way», defined as a «spirit of comradeship between us employees and our management which makes us sincerely interested in each other's welfare»[24]. If the sorry state of both SWOC locals was any indication, then both roads seemed paved with success.

WORLD WAR II: THE STRUGGLE INTENSIFIES

In 1935, the president and principle stockholder of the newly reorganized Algoma Steel Corporation, Sir James Dunn, wrote to a friend of

23 *Ibid.*

24 *IN*, 9, 4, March 1945.

the possibility of a war «three or four years away». «I don't like the outlook, Dunn wrote, «but if it must come to a war it will sell a lot of steel»[25].

True to Sir James Dunn's prophesy, the advent of World War II transformed the fortunes of Canada's steelmakers. Steel for armaments was in tremendous demand and all three of the nation's basic steel producers added to their productive capacities under government loan and depreciation schemes that proved very attractive to each firm[26]. Along with increased steel production, employment in each company rose precipitiously. By 1943, Dofasco's employment rolls had swollen past the 3,000 mark, while Stelco's Hamilton Works payroll would number over 6,000 by the end of the hostilities.

In one of the period's supreme ironies, then, the war seemed to hold some promise for workers. The war-induced demand for workers has dried up the reserve army of unemployed giving them some leverage in individual and collective negotiations with their employers. But their advantage was only apparent. With regard to wage demands, employers were aided in their resistance by two government orders-in-council that initially froze wages at the highest rate achieved between 1926 and 1929, and subsequently added a bonus of 25 cents per week for each one percent increase in the cost of living — an amount hardly sufficient, workers and unionists argued, to meet the accelerating costs of living[27]. Moreover when their demands for more money were turned down, industrial workers had few options as another

25 MACDOWALL, *op. cit.*, p. 180.

26 When the war broke out, the government took over the production and co-ordination of steel in the form of Steel Control, a division within the Department of Munitions and Supply. Naturally the government was interested in expanded production; however, the steel companies were concerned about adding capacity that would be unnecessary when the war was over. Ultimately, the arrangement settled upon by the manufacturers and the government took the form of a «capital assistance contract» whereby Ottawa assumed the «cost of plant additions, vested title in the contractor and bound him to a low cost production contract for the duration of the war». However, as MacDowall further points out, «Much more pervasive and subtle in application were the numerous fiscal arrangements extended by the government to stimulate wartime investment. Fearful that any relaxation in prices and profits ceilings would court serious inflationary pressure, the finance department devised special depreciation allowances under which companies could amortize new capital expenditures at accelerated rates, thereby advantageously redistributing their taxable income». MACDOWALL, *op. cit.*, p. 197.

27 The first order-in-council, P.C. 7440, was enacted on 16 December 1940. It was amended on 27 June 1941 to include the provision regarding bonuses. For a detailed analysis of labour-state relations during the war, see L. SEFTON MACDOWELL, «The Formation of the Canadian Industrial Relations System During World War II», *Labour/Le Travailleur*, 3, 1978. See also, D. MILLAR, «Shapes of Power: The Ontario Labour Relations Board, 1944-1950», Ph.D. Dissertation, York University, 1980.

order-in-council restricted their mobility between firms. Finally, as a series of strikes in the early years of the war demonstrated — particularly the 1941 strike of miners at Kirkland Lake[28] — the federal government was unprepared to enforce an order-in-council which called on Canadian employers to voluntarily recognize trade unions, negotiate in good faith, and resolve disputes by means of conciliation[29].

Bound-in by these war-time rules and regulations, workers at Stelco and Dofasco exhibited the same frustrations and restlessness shown by a growing number of Canadian workers[30]. From the outbreak of the war until late 1942, Stelco Works Council meetings were devoted almost completely to worker demands for more money. Time and again Gilles fell back on the necessity of following the government's wage guidelines, and, by harkening back to the severe economic dislocation suffered at the end of World War I, tried to show that the workers were confusing the costs of maintaining their standards of living with the costs associated with the continued enjoyment of «certain niceties of living».

> We may find it necessary again to come to work in street cars. We may not be able to afford as many picture shows or other entertainments... We may be forced again to get around a piano and sing or get our enjoyment in the various ways people enjoyed a generation or two ago.[31]

Wage concessions were made to workers at Stelco but it was too little, too late, for a growing number of workers. The November 1942 Works Council elections sent a shock wave through the entire plant as eight of the eleven worker representative positions were won by men running on a union slate. At the December meeting of the new Works Council, Local 1005 union president, Tom McClure, delivered a statement asking the company to recognize the union and co-operate with it in production for the war effort. Predictably, Stelco refused this invitation to recognize the union. Less

28 L. SEFTON MACDOWELL, *Remember Kirkland Lake: The Gold Miners' Strike of 1940-41,* Toronto, 1983.

29 The order-in-council in question was P.C. 2685, passed 19 June 1940.

30 The frustrations of Canadian workers exploded in 1943 when workers struck in record numbers. The same year witnessed the frustrations of work flowing into the political arena with the Co-operative Commonwealth Federation (CCF) coming within two seats of taking power in Ontario, while a national poll in September showed the CCF leading both the Liberals and the Progressive Conservatives. All of these events pushed the federal Liberals under Mackenzie King to establish new departments (Reconstruction, Health and Welfare, and Veteran's Affairs), while simultaneously defining the post-war object of the government's planning as «social security and human welfare». These measures were reflective of the desires of Canadians that the deprivations of the early 1920s and 1930s would not be repeated. For a more detailed discussion, see J.L. GRANASTEIN, *Canada's War: The Politics of the Mackenzie King Government, 1939-1945,* Toronto, 1975.

31 *WCM,* 17 September 1941.

than three months later, completely exasperated at the company's refusal to bargain with the union, nine of the workers' delegates resigned from the Works Council. Company unionism had fallen at Stelco.

Support for unionism among Dofasco workers during this period was similar to that of workers at Stelco: while many displayed a desire to have the benefits and protection consequent with being represented by a trade union, few were willing to join and become active. In part this was due to the fact that in the early years of the war Dofasco management continued to intimidate and fire those workers it discovered were union members. This practice changed as the demand for workers became acute. Nevertheless, the need for secrecy severely restricted the activities of Dofasco's local union executive[32]. As a result, the union drive was less visible, cohesive, and sustained at Dofasco than at Stelco. In the end, though, the unsettled nature of the union drive at Dofasco was not a cause for concern among local and national officers of the union; they believed that once Stelco was organized, Dofasco would simply fall in line. Thus, when the war ended, the USWA concentrated all of its efforts on organizing the union at Stelco.

VICTORY AT STELCO, DEFEAT AT DOFASCO

After the fall of the Works Council, Local 1005 began a long and complex journey through the Ontario and federal courts seeking certification. When the vote finally came in February 1944 against an opposition organization calling itself the Independent Steelworkers Association (ISA), the union received 65 percent of the 3,781 votes cast. The tide seemed at last to have turned.

Negotiations for a first contract were both bitter and protracted, the agreement being signed a full year later and then only after both sides appeared before a conciliation board to plead their cases. Industrial unionism had been brought to a company unsurpassed in its determination to remain «open shop». For two important reasons, however, the contract had more symbolic than practical value. First, the company's refusal to agree to any form of union security clause was a strong indication of its resolve to continue the fight against the unionization of its workforce. Second, despite the certification vote and the signing of the contract, it was unclear just how many workers stood prepared to become members of the union. Since the mid 1930s, a sizable percentage of the workforce had consistently showed its opposition to any form of unionism, while the very large numbers of

32 Author interview with Stan Ellis, 17 January 1980.

eastern and southern European workers remained dubious about the value of the union to them. The ISA was undoubtedly a company-inspired and financed organization; but, as at Dofasco, there remained hundreds of long-service employees whose first loyalty was to the company.

With the ending of the war, the battle for the loyalties of workers in both companies became fully engaged. At Dofasco management officials directed their appeal at the central apprehension of their workforce: the desire for security as they entered the uncertain future of post-war Canadian society. In the pages of the *Illustrated News*, they asked their workers to ponder the question: «What is post-war security?» They issued their own response.

«Security to a workingman means primarily bread and butter, shoes for the kiddies, money to pay the rent and the butcher, and the opportunity to provide some of the better things of life for his family, not just once in a while, but regularly, 52 weeks each year. That is security.»[33]

This security was to be achieved by keeping relations between workers and management harmonious. For Dofasco management this entailed «continuing to keep our plants free from strikes, or any other kind of serious labour trouble...» Failure to follow this prescription would mean men being out of work and the suffering of their families. More importantly, if the «rumours» floating throughout the plant were to be believed, the breakdown of harmonious relations would also have meant the termination of the profit sharing fund[34].

The security offered to Stelco workers came in the form of management promises to run the company in the same (profitable) manner that it had in the past. But this was precisely what troubled most of its employees. Few workers wanted to see a return to the conditions of the 1930s where the company ran the firm as it saw fit. This was especially the case for the hundreds of returned veterans who had spent the last years of their lives overseas fighting for democracy. They were resolved to institute new forms of industrial democracy.

«I thought to myself: «I don't want to live under any kind of tyranny where a company is the sole arbitor of anything... I felt that there was a need for some kind of representation by the men themselves.»[35]

33 *IN*, 9, 4, April 1945.

34 The termination of the profit sharing fund has never been official policy. In 1966, for example, a reporter inquired of Dofasco president, F.W. Sherman, if the Fund would be withdrawn if the company was ever successfully organized. «Our profit-sharing plan is our pension plan», Sherman responded, «and on a quite generous basis. Now, that didn't answer your question, I know, ...but we feel that the profit-sharing plan is the right way to do business». *Monetary Times*, 134, March 1966, p. 37.

35 Wayne Roberts interview with Jake Isbister, 1980.

This commitment to unionism, both practical and ideological, was diffused throughout the workforce but was most salient among local leaders and activists. For the rest of Stelco's workers, union organizers found that it was the demand for higher wages that resonated most forcefully: more money meant more security. However, security was related to more than wages; it also involved curbing the powers of the company.

«You could never plan ahead. You could have been there today, gone tomorrow.»[36]

«Seniority didn't mean anything there. It just mattered the colour of your eyes. If the foreman liked you, you were alright. That was one of the big grievances of the union.»[37]

To answer this concern for security the union pressed the company on four demands: an increase in wages of 19 1/2 cents to bring the base rate up 84 cents an hour, the establishment of a grievance procedure, a seniority system, and recognition of the union on the basis of the Rand Formula won by autoworkers in Windsor at the beginning of 1946[38]. Negotiations dragged on through the spring and early summer months of 1946 with Stelco offering a raise of five cents an hour and turning a blind eye to all demands for union security. While still uncertain about the extent of union support, the union had no alternative but to call a strike. On July 15 the pickets went up and the battle of Stelco was on.

A comprehensive examination of the strike, which lasted until the first week of October, is beyond the purposes of this paper[39]. It is important, however, to analyze the major reasons behind the ultimate victory of the union. Internally, the most crucial factor was the decision of the overwhelming majority of Stelco's eastern and southern European workers to join the union. Occupants of the most dangerous and lowest paying jobs in the plant, these men were the most determined not to return to the ex-

36 Author interview with Earl «Hap» Summerfield, 5 March 1980.

37 Author interview with John Jennings, 6 March 1980.

38 The Rand Formula, named after its author, Justice Ivan Rand, did not meet the union's demand for a union shop as it would have «denied the individual the right to seek work independently of persons associated with an organized group». He did, however, grant the union a blanket check-off: «I believe it entirely equitable ... that all employees should be required to shoulder ... the union contract; that they must take the burden along with the benefit». Thus, while a worker did not have to belong to the union, he or she had to pay union dues. *Labour Gazette,* 46, 1, p. 125. With the recent challenges regarding the allocation of union dues, the Rand Formula has come under close scrutiny with the specific question being whether or not Justice Rand intended for unions to use their member's dues for political purposes. The labour movement sees this charge as striking at the heart of trade union freedom and security.

39 See STOREY, *op. cit.,* chapter 6.

ploitative situations of the 1930s[40]. Externally, the most significant factor was the overwhelming support the union received from the larger working class community in Hamilton. With the strike technically illegal after the federal government passed an order-in-council giving it controllorship over all the steel companies, and, with Stelco determined to keep raw materials and finished goods flowing in and out of the plant, unionists could not have maintained their mass pickets if their strike did not have legitimacy within their wider community. This support came from the wives and families of the strikers. The mayor of the city, Sam Lawrence, displayed his sentiments by marching at the front of a parade of approximately 10,000 strikers and their supporters. And, it was these same people who converged on Stelco when the police commission voted to have extra police brought to Hamilton because of fears of lawlessness.

«When the OPP and the Mounties came into Hamilton the city was just electrified with the great confrontation. There was really growing resentment to the law enforcement people coming in, some 400 of them at the taxpayer's expense. As a result, a crowd showed up on Saturday night estimated at 25,000 people, and they were in a very surly mood. We didn't have that many unionists in all of Hamilton at that time, so you can see the sympathy that was with the strikers.»[41]

Workers at Dofasco took a keen interest in events at Stelco. In part their interest was based on support for unionism; in part it was based on company promises that they would get «whatever they got». Indeed, by the time all of the outstanding issues were resolved between Local 1005 and the company,[42] Dofasco had finished granting the wage increases negotiated by the union. Moreover, Dofasco added an additional cent to the hourly rate to give their workers a bonus and to decrease the ten cent differential that existed between the two companies. Neither group of workers achieved the 40 hour work week, but premium pay (time and one-half) was introduced for all hours worked over eight in a single day. Only Stelco workers,

40 In 1941 after Italy entered the war on Germany'side, the Royal Canadian Mounted Police began imprisoning those suspected of belonging to Fascist organizations. At Stelco, the company added to the actions of the RCMP by systematically demoting any Italian who held a supervisory position. According to many of my interviewees, the Italian community did not forget these actions. In fact, this action was cited numerous times as an important reason why the Italian workers ultimately came out in support of the union. For a discussion of other forms of repression during the war, see R. WHITAKER, «Official Repression of Communism During World War II», *Labour/Le Travail,* 17, Spring 1986.

41 W. ROBERTS, *Baptism of a Union: Stelco Strike of 1946,* Hamilton, 1981, p. 32.

42 The most important of these outstanding issues was the union demand for the reinstatement of 24 men fired by the company for engaging in criminal acts relating to the strike. Eventually the company agreed to re-hire 17 of these men and the union, «although unhappy at being unable to protect the jobs of seven of its supporters, nevertheless agreed to accept the decision». *Labour-Management Project, Preliminary draft, Strike At Stelco (Hamilton 1946),* January 1975, p. 30. Copy in possession of author.

however, were to be paid premium rates for work on six statutory holidays and payment of «straight time» to workers normally scheduled to work but who were not required to work on three of those holidays. And, finally, the formal grievance and seniority systems won by workers at Stelco went unmatched at Dofasco. Grievances would continue to be handled via the «open door» policy whereby disgruntled workers could take their complaints, *on an individual basis*, through the shopfloor and corporate hierarchy right on up to the president.

Ironically, then, the gains that had come to Stelco workers through struggle and sacrifice were given to their counterparts at Dofasco by a management anxious to keep the «cancer of unionism» outside their company[43]. And, the wage and benefit concessions, when placed alongside the other elements of the «Dofasco Way», proved sufficient for the majority of employees to reject unionism. Indeed, by the late 1940s, most Dofasco workers seemed persuaded that their management, and especially the company's owners, shared their concerns and interests.

«Why would we want a union when we could get everything and maybe even more than the union shops. The Shermans were wonderful people. No matter where they saw you through the shop they always said hello and just because they were Shermans that didn't make any difference. And the men stuck by them.»[44]

Not all the men stuck by them. Those who did take an active part in the union drive, however, were either dismissed, intimidated into submission, or promoted to company positions, thus making the job of identifying and recruiting an indigenous leadership and extremely difficult and time-consuming task. Even among those men favourable to unionism, though, there was a general recognition that «top management at Dofasco appeared to be a little more humane in its general dealings with employees than were other industries»[45]. Moreover, there was the perception that this philosopy filtered down to the shopfloor where «foremen were better. They treated us like friends whereas at Stelco it was just the other way around. Foremen there were pretty snotty and you had to be on your toes»[46]. In sum, the policies and programs of the «Dofasco Way» produced men who proudly referred to themselves as a «Dofasco man».

43 According to one ex-Dofasco management official interviewed by the author, senior management officials at the firm viewed unionism as nothing less than a «cancer». This interviewee wished to remain anonymous. Author interview, 12 March 1980.

44 Author interview with Andrew Hargot, 21 February 1980.

45 Mansfield Mathias to author, 21 January 1980. Letter in possession of author.

46 Author interview with Walter King, 19 January 1980.

«He was a Dofasco man. You couldn't say anything about Dofasco to him. He liked the fact that Dofasco had no union. He felt that he could go and talk to his boss man-to-man. There was no, «I'm the boss, you're the worker». It was a family factory»[47].

LESSONS OF THE 1940's

The reasons for the victory of unionism at Stelco and its defeat at Dofasco are, in a real sense, mirror images of one another. At Stelco, management was unable to eliminate the «sparkplug unionists» in their sheet mill — men who formed the strong nucleus of an indigenous leadership through the 1940s and who ultimately convinced the majority of workers that their desires for security would best be met through winning the union. No such leadership group emerged at Dofasco after management fired or laid-off the union executive and sympathizers in the mid 1930s. That no such group did emerge was due, in part, to the continuing determination of company officials to root out the «cancer» of unionism from their midst; and, in part because the welfare capitalist measures — especially the profit sharing fund — convinced the workforce there that they were better off without a union.

In short, a distant and arrogant management at Stelco ignored the tensions and frustrations generated on the shopfloor, and, as importantly, failed to respond to the changing needs and interests of a workforce determined to better their lives after the hardships and sacrifices of economic depression and world war. A vacuum was thus created and the union program of higher wages and job security through a grievance procedure and seniority system moved in to fill it. Across the street at Dofasco, a vigilant, innovative and paternalistic management moved quickly and comprehensively to fill any vacuum that might have arisen with concrete programs that ameliorated the tensions of the shopfloor while offering their workforce long-term security. When the USWA finally mounted a campaign against Dofasco in 1948, it met with rapid defeat. The «Dofasco Way» had usurped the appeals of industrial unionism.

This examination of the evolution of industrial relations at Stelco and Dofasco offers up two more general conclusions. First, while it is true that Dofasco workers received wage increases and benefits comparable to those won by workers at Stelco (a pattern that has been continued until the present), it is also incontestable that it was the successful struggles of Stelco

47 Author interview with Margaret Bienker, 29 November 1979.

steelworkers, and Canadian workers in general, that pushed management at Dofasco to offer and formalize these gains. That this conclusion was not shared by Dofasco workers (or was quickly forgotten), bears testament to the power and ability of a large corporation to simultaneously mould and meet the needs of its workers. Second, and relatedly, the fact that the «Dofasco Way» successfully contested the appeals of industrial unionism points to the circumscribed range of demands and aspirations of the workers at both plants. In short, the demand for security had a range of institutional responses none of which actually challenged the ultimate control of either company.

Thus, we reach the current dilemma and crisis of the contemporary labour movement: if industrial organizations can respond to the threat of unionism during periods of sustained class conflict, then what is the appeal of unions when workers are fearful and on the defensive as in the parallel decades of the 1930s and the 1980s? The answer to this question lies, in part, in understanding the lessons and limitations of the struggles for industrial unionism four decades ago. As this analysis of Stelco and Dofasco demonstrates, it lies as well in the knowledge that the boundaries established in that period can only be overcome by the active coalescing of workers in the workplace and in the political arena.

La lutte pour l'avancement du syndicalisme à Stelco et à Dofasco

Le but de cet article est de répondre à la question suivante: pourquoi la lutte pour le syndicalisme industriel a-t-il réussi à Stelco et non pas à Dofasco? Pour répondre à cette question, cet article relate l'évolution des événements durant les années 1930 et 1940, car c'est durant cette période que les politiques et les programmes adoptés par la direction et les travailleurs furent contestés et consolidés dans les deux entreprises.

Les conditions de travail dans les deux entreprises étaient similaires: insécurité d'emploi, salaires minimes, l'exercice arbitraire du pouvoir de la part des surveillants, et des conditions de travail dangereuses et malsaines. Elles ont créé des circonstances fertiles pour le syndicalisme nouveau et agressif du Congrès des organisations industrielles (COI). En effet, peu de temps après la formation des comités d'organisation des Métallos (SWOC), les ouvriers des deux entreprises ont demandé et ont reçu des chartes filiales. La direction à Stelco et à Dofasco ont réati très différemment à la menace du syndicalisme. Stelco, une grande usine d'acier de base, a ignoré les tensions des travailleurs et elle a continué à gérer les opérations avec arrogance et avec

un paternalisme affecté (sauf la formation d'un comité de travail de représentants des employés ou conseil de travail). En conséquence, progressivement le message d'un petit groupe déterminé s'est fait entendre. Ce petit groupe qui travaillait dans l'acierie était convaincu que seulement un syndicat leur apporterait un minimum de dignité et de sécurité. Ceci était particulièrement évident pour les ouvriers à Stelco dans les années 1940, ces mêmes années ou les ouvriers canadiens se souciaient de l'avenir de la société canadienne après la guerre. Les ouvriers et le syndicat ont été victorieux après la grève historique de 1946 — les facteurs décisifs étant le grand nombre d'ouvriers de l'Europe du sud et de l'est qui ont joint un syndicat et aussi l'appui considérable exprimé par la communauté ouvrière en général.

Dofasco, en adoptant une stratégie sur deux fronts, a répondu à la menace du syndicalisme d'une façon très différente. D'un côté, durant toute la période en question, la direction a mis à pied ou a intimidé les syndicalistes activistes et leurs partisans. Ceci produisit une atmosphère de crainte comme celle qui existait à Stelco. D'un autre côté, commençant en 1937, la direction de Dofasco a introduit une série de principes, du genre capitaliste, d'assistance sociale — dont un fonds de participation aux bénéfices — ceci visant à gagner la loyauté des ouvriers en leur donnant une certaine sécurité financière. Contrairement aux autres entreprises, Dofasco a continué à développer ces programmes pendant la deuxième guerre, et le fonds de participation aux bénéfices a donné aux ouvriers des centaines de milliers de dollars d'épargne à la fin de la guerre. En conséquence, après leur succès à Stelco, quand le syndicat s'est dirigé vers Dofasco, il était déjà trop tard parce que les ouvriers avaient été persuadés que les programmes du «Dofasco Way» étaient sincères et suffisants pour rencontrer leur désir de sécurité financière.

LA MOBILISATION DES RESSOURCES HUMAINES TENDANCES ET IMPACT

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