

# Unionization Versus Corporate Welfare The "Dofasco Way"

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# ARTICLES

## Unionization Versus Corporate Welfare:

### The "Dofasco Way"

Robert Storey

Our product is steel  
Our strength is people  
— Dofasco motto

#### I

THERE IS A DILEMMA woven into the fabric of the capitalist labour process. On the one hand, the workplace is organized and structured by owners and managers to satisfy their interests — the chief among them being the maximization of profits. On the other hand, the workers they hire to produce their products may have interests which conflict with or stand in opposition to those of their employers. As a result, the workplace becomes, in the words of Richard Edwards, a "contested terrain." This contest revolves around the problem of labour power "which unlike other commodities involved in production . . . is always embodied in people, who have their own needs and interests and who retain their power to resist being treated like a commodity."<sup>1</sup> It is, thus, a function of management in transforming labour power into labour to manufacture consent to the very organization of work that engenders the resistance.<sup>2</sup>

How consent is produced is an important and complex problem. For some analysts the solution lies in the range of positive and negative sanctions avail-

<sup>1</sup> Richard Edwards, *Contested Terrain: The Transformation of the Workplace in the Twentieth Century* (New York 1979), 12.

<sup>2</sup> This is taken from Michael Burawoy, *Manufacturing Consent: Changes in the Labor Process Under Monopoly Capitalism* (Chicago 1979).

Robert Storey, "Unionization Versus Corporate Welfare: The 'Dofasco Way'," *Labour/Le Travailleur*, 12 (Fall 1983), 7-42.

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able to employers.<sup>3</sup> Others point to the ultimate power of the employer to hire and fire as the most salient factor in capitalist control of the labour process. As Richard Hyman has made clear, each of these powers are vulnerable, however, to shifts in the balance of forces between workers and employers. When unemployment is low, for example, "the threat of dismissal is a lesser deterrent than where jobs are scarce."<sup>4</sup> Therefore, from the standpoint of management what is required are other methods or processes which promote the active and long-term identification of workers' interest with those of the company.

Perhaps the most successful and famous example of the "manufacturing of consent" within the Canadian context is that of Dominion Foundries and Steel (Dofasco). Canada's second largest steel producer, Dofasco's economic success is widely perceived to be intimately related to management industrial relations policies which understand and promote the place of the individual worker in the production process. Such policies, it is stated, reveal Dofasco as a caring and interested employer. More importantly, they serve as the principal means by which Dofasco earns the loyalty of its workforce. And, ultimately, they explain the continuing rejection of trade unionism by Dofasco workers.

This essay is an examination of the contest at Dofasco between the appeals and promises of corporate welfare versus those of trade unionism. Set within the 1930s and 1940s — the most critical period in the rise and consolidation of industrial unionism in Canada — the paper traces the development of the "Dofasco Way," a package of corporate welfare programs designed to defeat industrial unionism by fostering employee identification with the company. From the late 1930s through the 1940s, Dofasco introduced a series of policies and programmes — including the particularly significant "Employee Savings and Profit Sharing Fund" — to meet the needs and demands of their workers for greater job and social security: the same concerns that fueled the industrial union movement of the period. At the same time, Dofasco pursued a consistent and often ruthless policy of dismissing and intimidating workers attempting to organize their fellow employees. Taken together, the programmes intended to instil loyalty and fear comprised the "Dofasco Way." Indeed, it was the influence of both components of the "Dofasco Way" that led to the failure of industrial unionism at Dofasco during the 1940s. Those policies created to promote loyalty produced the "Dofasco man" [sic] — a worker with the goals and interests of the company internalized as his/her own. They created as well a sense of fear that underpinned the relations between workers and management; and, as importantly, isolated workers from one another by department and work groups. These divisions and this sense of isolation were heightened by the absence of a distinct and articulate group of workers with a tradition and commitment to trade unionism. Consequently, in the contest to meet the needs

<sup>3</sup> A. Fox, *A Sociology of Work in Industry* (London 1971), 30-1.

<sup>4</sup> Richard Hyman, "Trade Unions, Control and Resistance," in G. Esland and G. Salaman, eds. *The Politics of Work and Occupations* (Toronto 1980), 312.

and demands of the workers the sporadic attempts of organizers to enlist Dofasco workers into the union were no match for the persistent and aggressive leadership of a management determined to defeat trade unionism.

In 1913 a merger between the Hamilton Malleable Iron Company and Dominion Steel Castings established the Dominion Steel Foundry Company. Brought together by an American industrialist and foundryman, C.W. Sherman, the new company turned out iron castings for locomotives, railway cars, heavy machinery, electrical parts, and bridge work. Within a year, 16,000 square feet of space had been added to house a new open hearth furnace and electrical overhead crane for the production of shrapnel and howitzer shells. The next two years witnessed further war-induced expansion and on 31 May 1917, Sherman merged his company with another established in January of the same year, the Hamilton Steel Wheel Company, to form Dominion Foundries and Steel. The new company was capitalized at six million dollars, almost four million of which was already subscribed at the time of the merger, with the majority accruing to the Sherman family.

The post-war recession hit Dofasco hard. Plans to diversify production through the purchase of plate mill went unfulfilled as demand for plate steel fell off decidedly. It was the foundry operations that kept the firm out of the hands of its bankers. The situation brightened near the end of the 1920s as new orders prompted the opening of the axle shop and the plate mill was finally put into operation.

The onset of the depression cut any expectations of renewed prosperity short. This time, however, Dofasco management turned to its plate mill operations to maintain solvency. Alterations to the tariff schedules increased the demand for Canadian rolled plate. It was not until 1933, however that the effects of these policies were felt by Dofasco, allowing for the continuous operation of the plate mill through the winter months. Still, the economic fortunes of the company were precarious and management, operating with a workforce of approximately 500 (cut in half from the 1929 figure of about 1,000), introduced new cost-saving techniques centred primarily on the making of open-hearth steel. Instead of scrap, molten steel was to be used to charge the furnaces, thereby reducing the time it took to produce a single "heat" of steel.<sup>5</sup> Prior to the introduction of the new process, workers were warned that if higher production could not be obtained at lower costs, the company would be forced to shut down. Working on a tonnage basis, where they were paid according to the amount produced, the workers expected a concomitant increase in their wages. When the raise failed to materialize, a protest resulted in the restoration of a 10 per cent cut implemented at the start of the year. Upon receiving their first paycheques under this new system, open-hearth workers discovered the

<sup>5</sup> A "heat" of steel is simply the term used to refer to the steel produced in open hearth furnaces on an individual basis.

increase being pared away by a company policy that deducted the weight of the hot metal from the total ingot production.<sup>6</sup>

In the midst of the depression there was little Dofasco workers could do to defeat or offset the cost-cutting policies and programmes of their employer. The helplessness of Dofasco workers was due, in part, to the absence of any form of unionism in the plant. In fact, unionism among Dofasco workers was only a faint memory. Directly after his arrival in Hamilton in 1912, C.W. Sherman had displayed his antipathy to unionism by standing alongside other Hamilton employers, including Canadian Westinghouse and Massey-Sawyer, to defeat a strike for higher wages among their moulders, members of Local 26 of the International Molders Union.<sup>7</sup> And, in the midst of the war, he dismissed one man who "was inclined to follow his own ideas rather than obey instructions on the execution of the jobs in hand."<sup>8</sup> "We keep a strictly open shop," Sherman informed Gerald Brown, Ontario Minister of Labour, "and we do not question a man's union affiliation."<sup>9</sup> Still more difficulties occurred later in 1916 when "about 120 foreign labourers quit work for a day or two..." According to Sherman:

The small labour difficulty we had was not so much a strike as it was simply a small riot, caused by enemy countrymen... We called upon the military authorities at Niagara, and asked that the guard [around the plant which had been removed] be replaced for a few days. Action was taken quickly, and the trouble was over within twelve hours, without any coercion or threats on our part. They simply recognized the military authority.<sup>10</sup>

The significance of this latter incident, however, extended beyond its clear depiction of Sherman's vehement anti-unionism: it revealed the large number of "foreign labourers" in the employ of the company. Hamilton, despite the recent arrival of immigrants from eastern and southern Europe, remained a city of decidedly Anglo Saxon character.<sup>11</sup> Thus, for a company with a total

<sup>6</sup> Such "cost-saving" methods were continued throughout the 1930s. In 1935, Dofasco further diversified by installing a "cold rolling mill" for the production of tin. This mill was the first of its kind in Canada and it helped Dofasco earn a reputation as an aggressive and innovative enterprise. In 1953, Dofasco continued in this tradition by being the first Canadian steelmaker to utilize the "Basic oxygen furnaces" in the making of steel.

<sup>7</sup> Bryan Palmer, *A Culture in Conflict: Skilled Workers and Industrial Capitalism in Hamilton, Ontario, 1860-1914* (Montreal 1979), 206.

<sup>8</sup> C.W. Sherman to Gerald H. Brown, 1 March 1916, Public Archives of Canada (hereafter PAC), MG30, A16, V2 File 11. (My thanks to Craig Heron for bringing this reference to my attention.)

<sup>9</sup> PAC, RG27, V305, File 16.

<sup>10</sup> *Ibid.*

<sup>11</sup> In 1901, almost 94 per cent of the city's population had been born in Canada or in the British Isles. By 1921, that figure had fallen to 89 per cent; and, in 1931 the combined percentage of Canadian and British born stood at 88. Robert Storey, "Workers, Unions and Steel: The Shaping of the Hamilton Working Class, 1935-1948," Ph.D. thesis, University of Toronto, 1981, 127.

workforce of between 600 to 800, the figure of "120 foreign labourers" (counting only those who struck) was a notable number. It was not so to Sherman:

The reason we employ these men is because the work is of such a hot and laborious a character that an English-speaking man will not do it. In fact, this class of work bears the same relation to our industry as section work does to railroading. . . . This class of labour has gradually changed from the hands of the Irishmen to the Slavs, and is now done entirely by the Italians.<sup>12</sup>

The hiring of cheaper, unskilled European labour had long been the practice of American iron and steel producers.<sup>13</sup> In fact, the rise of these industries in Hamilton had been the magnet for the 1,000s of eastern and southern Europeans who began arriving after 1900. As Dofasco illustrates, the overwhelming majority of these newcomers took up work in the city's steel mills and foundries — a situation facilitated by the introduction of sophisticated machinery and technology and the consequent opening up of the associated trades to the unskilled.

At Dofasco the most relevant of these trades were those of the moulder and the coremaker. Indeed, the moulder had long held a central place in the Hamilton labour movement. Formed in 1861, Local 26 of the International Molders Union had quickly exerted control over the hours and conditions of work. The basis of this control rested in the skilled hands of the moulder who turned out "metal castings as diverse as stoves, machinery castings, and ornamental iron and brass work."<sup>14</sup> It was a skill "learned almost entirely by the sense of feeling, a sense that cannot be transferred to paper."<sup>15</sup>

By the 1920s, however, advances in foundry technology had altered the moulder's craft in ways that undermined the worker's skill and thus control over the labour process. Dofasco was a showcase for many of these technological innovations. One reporter, after visiting the company in 1927, marvelled at the state-of-the-art labour saving devices utilized by the company.

Moulding machines of various types are in use wherever practical. Standard D couplers for freight and passenger cars are made on a Herman jolt strip machine, 90 to 100 of these castings, weighing 275 pounds each, being made daily by 2 men. . . .

On all floors where large moulds are made, Cleveland pneumatic rammers are employed. . . . These mechanical rammers deliver several hundred blows per minute,

<sup>12</sup> C.W. Sherman to F.A. Acland, 12 July 1916, PAC, RG27, Vol. 305, File 16 (36).

<sup>13</sup> For various expositions of this practice, see David Brody, *Steelworkers in America: The Non-Union Era* (New York 1960), John Bodnar, *Immigration and Industrialization: Ethnicity in an American Mill Town, 1870-1940* (Pittsburgh 1977), William Kornblum, *Blue Collar Community* (New York 1970).

<sup>14</sup> J. Sadlier, "The Problem of the Molder," *Iron Age*, 6 June 1901, 266. Quoted in Craig Heron, "The Crisis of the Craftsman: Hamilton's Metal Workers in the Early Twentieth Century," *Labour/Le Travailleur*, 6, (Autumn 1980), 10.

<sup>15</sup> *Ibid.*

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and in a given time the sand becomes packed faster, harder and more uniformly than is practicable by ordinary hand ramming.<sup>16</sup>

The long arm of technological innovation had reached into the craft of the coremaker as well. The same article carried descriptions of a core which "when done by hand, is one of the fine arts of moulding [but is now] with the advent of air-operated machines open to unskilled labor to quickly become proficient in this brand of the trade."<sup>17</sup> One Dofasco employee, who began work as a coremaker in 1925, remembered the undermining of the coremaker's skills:

It was a good job. As a matter of fact a coremaker in those days was esteemed as being quite a tradesman. He had to go through an apprenticeship. But, then the trade of a coremaker, like a lot of other trades—a machinist—they became specialized. Everybody did their own job to speed up production because that's the way you could produce to make good profits.<sup>18</sup>

The "good profits" hoped for through the introduction of advanced machinery and the subdivision of the moulder's and the coremaker's skills came only in the late 1930s. What was assured, however, was a more complete control of the labour process by management. Moreover, the power of management over the workforce was only heightened with the start of the depression in the 1930s. The large numbers of men who stood outside Dofasco's gates on a daily basis made the individual worker particularly vulnerable to the untrammelled authority of the foreman. As an apprentice electrician, John Taylor was more secure than the unskilled worker. Still, he was not immune to the capricious powers of Dofasco foremen.

In those days you just had to look the wrong way and you lost your job. Anybody who worked there in the pre-war days had to have more than good looks to keep their job. The foremen could fire you.<sup>19</sup>

Foremen could also hire. Although formally the responsibility of George Hudson, Dofasco's personnel manager, the hiring process most often worked through a network of individual foremen and superintendents who dispensed jobs to the sons, relatives, and friends of their favoured workmen. At its best, this method of recruitment operated to the benefit of current employees who found their relatives or friends working alongside them. Ukrainians William Pawliw and Paul Nykolyn, for example, utilized ethnic ties to enter Dofasco. Wally Krawczyk, a young man of sixteen when he started work in 1928, spoke in favour of his brother, John, who began in 1936, pushing past "300 people waiting outside. You should have heard the remarks: 'How in hell does a bloody kid get a job. Here I am a veteran with a family and can't get a bloody

<sup>16</sup> E.G. Brock, "Casting Steel Railway Parts," *Canadian Foundryman and Electroplater*, xvii, 9, (September 1927), 6-8.

<sup>17</sup> *Ibid.*

<sup>18</sup> Author interview with Guy Capriotti, 28 November 1979.

<sup>19</sup> Author interview with John Taylor, 16 January 1980.

job.' "<sup>20</sup> The image of the "Dofasco family" that the company would promote in the late 1930s and 1940s, thus had a practical foundation as by 1938 over 160 of the employees (out of a workforce of 600-700) had family ties.<sup>21</sup>

Such interconnections were of obvious benefit to Dofasco. Employees could be relied upon to oversee the work habits of those they recommended, particularly if they were directly related or lived in the same house. In addition, such a network provided Dofasco with a seemingly never-ending source of European workers preferred by the company. William Pawliw, hired as a "chipper," was informed by Hudson that although he was not a chipper, "I'm going to give you a job because we need chippers and we need European people. They are hard-working people."<sup>22</sup>

Of use to the workers and the company alike, this system was open to the worst forms of abuse. The power of the foreman to hire and fire was left unchecked by the higher management and jobs obtained through family and friends often carried oppressive costs. Money flowed into foremen's pockets as a condition of employment, while a bottle of whiskey or wine was the weekly price of currying their good favour. At times, the value of a job came even higher to the immigrant workman as he went to work the nightshift, leaving a bottle of wine on the kitchen table and the foreman talking to his wife.<sup>23</sup>

Another important aspect of employment at Dofasco was the actual working conditions that confronted most workers. The up-to-date moulding and core-making machinery that had so impressed the visiting journalist in 1927, was unrepresentative of materials in use in other departments. Throughout the plant workers improvised with primitive and faulty equipment. Even skilled workers were forced to accommodate themselves to adverse materials and machinery. Andrew Hargot, hired as a machinist apprentice in 1936, discovered that the tools in the machine shop "did not compare with the machinery we worked on in school which was much better."<sup>24</sup>

The use of antiquated and improper equipment only exacerbated the manifold dangers already surrounding Dofasco workers. On the ingot floor, workers stood within a few feet of molten steel as they directed it from the 30 and 40 ton ladles into the ingot moulds. Working without protective equipment, they were subject to the ever-present dangers of flying sparks and splashing steel. The situation was worse for Dofasco's chippers. Operating small and giant grinders to remove bumps and imperfections from the castings, these workers laboured in an area blanketed in noise and dust. William Pawliw called it "the hazard area because we chipped silica sand. . . . We cleaned the casting off the

<sup>20</sup> *Ibid.*

<sup>21</sup> *Dominion Foundries and Steel Illustrated News*, 2, 6, (June 1938). (Hereafter *I.N.*).

<sup>22</sup> Author interview with William Pawliw, 21 February 1980.

<sup>23</sup> This practice was made reference to by virtually all of the Dofasco workers interviewed. Such practices were not, however, restricted to Dofasco and were most prevalent among the most vulnerable eastern and southern Europeans.

<sup>24</sup> Author interview with Andrew Hargot, 21 February 1980.

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silica sand. We inhale the silica sand. . . . And hard work. Compared to another shop like plate mill and machine shop, the chip shop was the worst, the hardest job."<sup>25</sup> Adding to the hazards of the silica sand and the "hard, back-breaking work," was the noise of the sand blast where, John Taylor remembered, "150 fellas with air guns would blow your brains out:"<sup>26</sup>

The sand blast was where they put the casting in after they came out of the mould box. A guy stands in there and he looks like a diver. It's a job you wouldn't believe. He gets closed in a steel box and the casting is rolled in on a flat car and he's got this hose . . . and he just belts that thing at the casting.<sup>27</sup>



*Conditions in the foundry in the 1920s and 1930s were primitive and dangerous.* SOURCE: Labour Studies Collection, McMaster University.

The dangers of the steel mill often extended beyond the immediate work area. Workers also had to monitor the continuous movements of huge overhead cranes, difficult to position by ear through the constant buzzing and screeching sound of the electric furnaces as they melted down the steel for the casting. Coremaker Walter King worked directly under the cranes charging up and down the foundry:

There was always two overhead cranes on a track and they have a siren on to blow to get anybody out of the way when they're going down on a swing. . . . Well you're working on the centre of the floor and you hear the crane coming and you look up and get out of the way because you can never tell when these things are going to drop and hit you.<sup>28</sup>

<sup>25</sup> William Pawliw, 21 February 1980.

<sup>26</sup> John Taylor, 16 January 1980.

<sup>27</sup> Andrew Hargot, 21 February 1980.

<sup>28</sup> Author interview with Walter King, 19 January 1980.

Under such conditions, accidents were a common occurrence at Dofasco. Indeed, according to Hargot, prior to his starting at Dofasco the company was known to be a "slaughterhouse of accidents." Given the reserve army of labour in the 1930s, workers often hid their injuries from their foremen: workers sent home because of accidents often returned to find their jobs filled. The company's First Aid office thus received few visitors as workers waited until they reached the safety of their own homes to inspect and tend to their injuries. For the most part they waited until they were home to wash up. Facilities for cleaning up, like those for eating, were virtually nonexistent. Workers used buckets of water heated from torches to wash up. They ate lunch wherever and whenever possible and walked home without changing clothes as locker rooms consisted of nails driven into the plant wall.

## II

CONDITIONS AT DOFASCO during the depression thus provided an ideal target for a young and aggressive industrial union that was sweeping through the United States. Formed on 16 June 1936, the Steel Workers' Organizing Committee (SWOC), was the favoured child of newly-formed Congress of Industrial Organization (CIO) and its chief, John L. Lewis.

Hamilton steelworkers — especially those in the sheet mill at Stelco — watched the unfolding of the industrial unionism in the United States steel industry with interest. In May 1935, the sheet mill workers had conducted a ten-day strike to win back a reduction in wages and to gain the recognition of their new organization, the Steel Workers' Union (SWU). An independent organization, the SWU had emerged out of a 1934 compromise between those favouring re-affiliation with Amalgamated Association of Iron, Steel, and Tin Workers and those supporting the industrial unionism of the Communist Party's Steel and Metal Workers' Industrial Union (SMWIU). The defeat of their strike, however, had forced a re-evaluation of the union's department-by-department organizational structure. As the first issue of their paper, the *Steel Workers' News* spelled out, the need was to enrol all Stelco employees into "one Industrial Union" organized for the "employees' mutual protection" and "to carry on the fight of the workers against unfair exploitation, to maintain an adequate wage scale, proper hours of work and rest, and to strive for understanding and unity among all steel workers irrespective of nationality, colour, creed, or the importance of their particular job as a steelworker."<sup>29</sup>

Concurrently, Stelco announced plans to introduce an Employee Representation Plan (ERP) whereby an equal number of employer and employee representatives would meet monthly to "provide a means by which any employee may bring to the attention of management any matter of mutual interest."<sup>30</sup>

<sup>29</sup> *Steel Workers' News* (September 1935), 1.

<sup>30</sup> H. Ross McMaster, letter "To the Employees of the Hamilton Works," 3 June 1935.

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Members of the new union campaigned vigorously against the company plan, dubbing it a "company union," but witnessed every department except the sheet mill vote in favour of its implementation.

Within Dofasco there existed no such sizeable and ready core of union sympathizers and activists. The moulders' union had been routed from the foundry, while the plate mill had never known the influence of trade unionism. Nevertheless, a small group of workers applied for a charter to SWOC at the same time as the SWU decided to drop its independent status and to affiliate with the CIO. The charters arrived hard on the heels of one another with the Dofasco application acknowledged as the first. Union members at Dofasco were to be enrolled in SWOC, Lodge 1004, while the former Irondale Lodge of the Amalgamated became Lodge 1005.

The quickness of the Dofasco application was due mainly to the activities of two men, Harry Hunter and Harry Hamburg. Both electricians, Hunter and Hamburg had their first contact with Dofasco in 1935. Hired on a contract basis to help install the wiring for the company's new tin mill, both men remained at Dofasco after its completion. Members of Local 105 of the International Brotherhood of Electrical Workers (IBEW), Hunter and Hamburg were nevertheless dedicated to the building of industrial unionism at Dofasco — in this case a local of the SMWIU as both men were members of the Communist Party of Canada. Their activities drew the immediate attention of Dofasco management. Hunter was summoned to the office of the works manager and directed to confine his organizing efforts to the IBEW. Hunter refused to stick to management's definition of appropriate and desirable unions and as a result was laid off in the fall of 1936. Told that there was no work for him as an electrician, the real reason for the company's actions became apparent when a new worker, John Taylor, was hired as his replacement.

Hunter's dismissal proved to be only the first round of a developing management offensive. Next to draw the attention of management were the company's "foreign born" workers, particularly the Ukrainians, some of whom were associated with the Hamilton branch of the Communist-led Ukrainian Labour-Farmer Temple Association.<sup>31</sup> As part of their anti-union campaign, management officials began questioning these and other workers regarding the union, threatening them with dismissal if they became members. According to a report in the *Daily Clarion*, management's actions were tantamount to a "virtual reign of terror among the workers."<sup>32</sup>

The most contentious aspect of Dofasco's offensive was the dismissal of two union organizers and members of the Local 1004 executive, Jack Gibson and Lloyd Smith. Realizing the weakness of their union both inside the plant and within the Hamilton community itself, union members called a public

<sup>31</sup> For a discussion of this organization, see J. Kolasky, *The Shattered Illusion: The History of Ukrainian Pro-Communist Organizations in Canada* (Toronto 1979).

<sup>32</sup> *Daily Clarion*, 5 June 1936.

meeting in support of the fired men. With a member of the city's Trades and Labour Council in the chair, the meeting passed a resolution informing Ontario Premier Mitchell Hepburn:

Whereas the right to belong to a union of one's own choice is a right recognized by the government, and whereas cases of discrimination against all workers by Dominion Foundries and Steel in Hamilton by dismissal for belonging to a union have come to the attention of the CIO. Therefore, be it resolved by this meeting of Hamilton citizens to petition the government to act in this case with a view to restoring these workers to their former positions in the Dominion Foundries and Steel.<sup>33</sup>

Pronouncements from Dofasco claimed that Smith had been dismissed because he was "an unsafe workman." Gibson, on the other hand, was fired for "disloyalty." In fact, Wally Krawczyk, foreman of the electrical department in 1937, recalled that he "had the unfortunate job of firing Gibson for union activity."<sup>34</sup> The company, according to Krawczyk, accused Gibson of being a member of the Communist Party: to Dofasco being a member of the CIO and being a Communist were synonymous. In a letter marked "private," Sherman took Premier Hepburn into his confidence with respect to the efforts of the CIO to organize his employees.

The subject matter of this letter is foreign agitation, after some of our key men have been promised as much as an automobile if they will join the CIO movement. Make no mistake — there is money and plenty of it behind the labor and strike drive on our plants here and Watervliet, N.Y.

Moreover, Sherman wrote, he hoped that Hepburn was "right in going to the country at this time; otherwise it might be a calamity . . . and we now need help against the power of money and foreign labor agitation."<sup>35</sup> Hepburn's reply that with an election victory "law and order will be maintained and civil and property rights respected" helped to allay Sherman's fears.<sup>36</sup> Of more practical importance, however, were company initiatives of wage increases "here and there, wherever the pay envelope is thin" and the knowledge that "on the whole our people and those in close touch say the CIO is completely licked in our plant."<sup>37</sup>

In the final months of 1937, the concerted efforts of Hunter and other SWOC officials resulted neither in reinstatement nor in increases in membership. Union meetings held on streetcorners adjacent to Dofasco proved ineffective as employees feared detection by employment agent George Hudson who patrolled the streets in his car. Few workers were present, therefore, to greet American SWOC organizer, Frank LaFortune, when he spoke of the union's success in organizing the Adirondack Steel Foundry Company, Dofasco's sub-

<sup>33</sup> W. Bircher to Premier Mitchell Hepburn, 14 March 1937, Ontario Public Archives, Hepburn Papers, RG3, Box 208.

<sup>34</sup> Author interview with Wally Krawczyk, 28 August 1979.

<sup>35</sup> C. W. Sherman to Premier Mitchell Hepburn, 24 July 1937, Ontario Public Archives, Hepburn Papers, RG3, Box 267, File 1.

<sup>36</sup> *Ibid.*, Hepburn to Sherman, 29 July 1937.

<sup>37</sup> *Ibid.*, Sherman to Hepburn, 21 August 1937.

sidiary in Watervliet, New York. Nor did many hear the Reverend John T. Stapleton of Hamilton's Grace United Church urge Dofasco workers to act: "Pray by all means, but do not stop there. Action is necessary behind the prayer and I advise workers to take action and form themselves into strong industrial unions."<sup>38</sup>

Under these circumstances strike threats were without foundation. Union organizers were successful in soliciting the support of community figures like Reverend Stapleton and Sam Lawrence, the lone CCF representative in the Ontario legislature, but their pleas to Dofasco workers failed to build the union. Indeed, the SWOC's only success came in Sydney, Nova Scotia, where by March 1937 over 3,000 workers at Dominion Steel and Coal (Dofasco) had joined the union. The great dream of the CIO that had sparked the imaginations and precipitated the actions of autoworkers in Oshawa in 1937, had little or no immediate impact on Ontario or Canadian workers as a whole.<sup>39</sup> The contest between labour and capital, resurgent in the 1930s, subsided in the last years of the decade as economic recession and government indifference and opposition sapped the nascent militancy of Canadian workers.

Nevertheless, the presence of union organizers in their workplaces prompted many employers to adjust wage rates and institute various reforms designed to improve relations with their employees. This was the challenge that members of Local 1004 began to confront in 1937. In that year Dofasco introduced a series of employee-oriented welfare programmes the purpose of which was to restructure employer-employee relations, promote better working conditions, and, ultimately, foster a closer identification of Dofasco workers with the company.

### III

AMONG A MULTIPLICITY of new programmes introduced by Dofasco the most significant were the institution of a company magazine, annual picnics and Christmas parties, an extensive recreation programme, and a profit-sharing fund. The advent of World War II, while creating problems for management with regard to a greatly expanded and highly inexperienced workforce (from 600 to 800 in 1937 to more than 3,000 in 1943), ultimately allowed for the success and greater elaboration of these central programmes. This was particularly true of the profit-sharing fund as bulging order books meant steady work and consistent profits, essential ingredients to the building of the fund.

<sup>38</sup> *Daily Clarion*, 30 August 1937.

<sup>39</sup> This conclusion is in direct opposition to that made by Irving Abella with respect to the 1937 strike of Oshawa autoworkers. It was only after the war had begun, and most particularly after 1943, that Canadian workers began to look to unionism and the CIO for leadership. See his "Oshawa 1937," in *On Strike: Six Key Labour Struggles in Canadian History* (Toronto 1974).

The first issue of the company magazine appeared in July 1937. Entitled *Dominion Foundries and Steel Illustrated News*, the magazine was the product of careful planning by management. To edit the *Illustrated News*, the company chose Claudius Gregory, a local novelist of strong religious convictions. His *Forgotten Men*, a story based in an industrial city resembling Hamilton, traced the movements of Christopher, 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. In this thinly veiled updating of the story of Jesus Christ, Christopher's disciples were twelve loyal workers, one of whom betrayed him to the police.<sup>40</sup>

As editor of the *Illustrated News*, Gregory brought the policies and programmes of the company to the employees in a simple, comprehensible manner. An auxiliary but equally important function was to integrate the daily and long-term interests of the employees with those of the company. According to Stuart Brandes, this was in line with the major purpose of all such magazines.

They were designed, first of all, to convince employees that the company cared about their personal goals and aspirations. For this reason as well as to build interest, the magazine continually reported milestones in the lives of employees — births of children, marriages, vacations, promotions, and so forth.<sup>41</sup>

Dofasco quickly displayed a mastery of each of these techniques. Dave Richardson, a longtime employee, was elevated to the job of "Personnel Manager" and together with George Hudson (safety) and Ray Alden (accidents) formed the company's "Welfare Department." Richardson had a regular column in the *Illustrated News* and the editor praised his job as "the biggest any man could hope to have, the bringing of contentment and trust and loyalty to the hearts of many hundreds of men who make up the DFS organization."<sup>42</sup> The second issue carried two full pages of photographs of Richardson touring the plant, talking with the workers, looking on as they did their work, or visiting them in their homes. This connection with their homelife had long been recognized as critical to the success of employee welfare schemes.<sup>43</sup>

The *Illustrated News* was employed to introduce and popularize other new Dofasco programmes. The December 1937 issue was given over almost entirely to pictures of Dofasco's first Christmas party. For that day the company's tin mill was closed down, banners and streamers were hung around the building, and gifts were placed on the tables in preparation for the 100s of employees and

<sup>40</sup> Claudius Gregory, *Forgotten Men* (Hamilton 1933).

<sup>41</sup> Stuart Brandes, *American Welfare Capitalism, 1880-1940* (Chicago 1976), 63.

<sup>42</sup> *I.N.*, 1, 2 (August 1937).

<sup>43</sup> In 1920, 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), 8-9.

their families. The men were greeted with a bonus of ten dollars and a cigar. Their wives received food baskets, while each child could play with a new toy. Santa Claus appeared to entertain the children, with a host of clowns, the Dofasco band and choir, and, most significantly, each member of the executive including C.W. Sherman. There was no event to match it in Hamilton industry except perhaps the Dofasco picnic introduced that same year. On that occasion the company had ceased operations and 100s of workers took the opportunity to travel by train to Galt, Ontario, for one day of sports, contests, and food. In future years the *Illustrated News* would devote entire issues to glossy photographs of both annual events.

Throughout the war years the magazine was also employed to help fuse the needs of the firing line with the imperatives of production. Abundant photographs and articles detailed the war efforts of Dofasco workers. One issue chronicled management's organization of work groups into the "Tank Crew," the "Crane Force," or, in the case of the women in the tin mill, the "Dofasco Army Assorting Corps." Each "Force" or "Corps" was then subdivided according to rank: one photograph recorded an inspection of the yard labourers with their picks resting in the "shoulder arms" position. These workers, wrote the editor of the *Illustrated News*, were "Dofasco Men On Active Service."

We are "Active" inasmuch as we are 100 percent War production for twenty-four hours a day, seven days a week. Work comes first, Sunday or Weekday. We face the fire of the furnaces, we endure the heat of the molten steel, of white hot ingots, with fearless hearts. The roar of the furnace and the rumble of the rolling mill, explosively reverberating throughout the plant, are to us the din of battle.<sup>44</sup>

For those who missed this call to action in the company magazine, 50-foot banners with slogans and drawings were scattered around the various buildings. In a letter to "Our Men On Active Service," the editor regretted that they could not see "the sketch of a gun barrel suspended from a crane, red hot from the annealing furnaces, singeing Hitler's rear end. It gave us all a laugh, which is more than Adolph will get when you start using Dofasco guns on him."<sup>45</sup>

Loyalty to Dofasco was thus synonymous with loyalty to the war effort. Conversely, disloyalty to Dofasco was tantamount to disloyalty to the war effort. Both, however, involved more than the routine application of labour power: disloyalty involved thoughts as well as actions. Hence, to prevent such a possibility, Dofasco management stressed the continuity between work, productivity, and family life. The Christmas parties and annual picnics continued to be held during the war years — a practice many companies, including Stelco, discontinued. Indeed, as each party and each picnic grew larger owing to the growing number of workers, the more diligent became the efforts Dofasco put into their planning and execution. These were moments to "forget the cares of the job" and the perils of war. They were times to be with one's

<sup>44</sup> *I.N.*, 7, 4 (April 1943).

<sup>45</sup> *I.N.*, 6, 8 (August 1942).

"shopmates, friends, and family" and to enjoy one's spouse and children. "Every man and every woman prefers marriage if they can reasonably be assured of income," wrote C.W. Sherman. "We all know the home is the base of country building, and paternalism our strongest emotion. It is the fuller life for men and women."<sup>46</sup>



Initiated in 1937, the annual employees' picnic was an important ingredient in the 'Dofasco Way.'  
SOURCE: Labour Studies Collection, McMaster University.

Home and family were also crucial to the "goodwill" established between the worker and the employer. In a Christmas article directed toward the wives of Dofasco workers, the editor of the *Illustrated News* spoke about the "goodwill" the company had shown its employees over the years. Recounting the many programmes introduced by the company, he dismissed those who "always think that the management does these things just to gain the confidence of those who work in the plant."

This is not the case because if it was, they would not gain goodwill. It is a funny thing about doing good . . . it has to be done with a willingness that *good* and *willing* can combine to make "goodwill."<sup>47</sup>

On the other hand, the wives of Dofasco workers had the role of maintaining and building upon the goodwill generated by the company.

<sup>46</sup> *I.N.*, 7, 6 (June 1943).

<sup>47</sup> *I.N.*, 8, 12 (December 1944).

When hubby comes 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.<sup>48</sup>

Outside of work and family life, yet intimately interconnected with both, was the Dofasco Recreation Club. Sports at Dofasco began in earnest in 1937 when "varsity" hockey, baseball, and basketball teams were established to represent the company across the city and the province. During this period these teams were almost solely the product of the self-organization of the workers themselves. Company involvement, according to Murray Dick, came in the form of the company hiring local athletes because "we didn't want the worst teams in the league." The situation was almost like a "sports scholarship."<sup>49</sup>

There were, however, problems with the sports programme. For those workers who did not have the ability or who chose not to participate, it seemed as if those who did "got pushed along a little better."<sup>50</sup> Workers also grew resentful of the special concessions granted to Dofasco's athletes: foremen failed to reprimand members of the teams who stood talking instead of working, while evening games meant players were exempted from afternoon and night shiftwork. Athletic prowess could also earn a worker a schedule of straight days and weekends off, a situation especially irritating to workers forced to work rotating shifts of seven days a week. As a result of this discontent, and due to the exigencies of a 24-hour work schedule, varsity sports were terminated in 1943. There were members of the management, however, particularly the editor of the *Illustrated News*, who "seemed to think it was a good thing to have for employee morale."<sup>51</sup> Consequently, in November 1943 the company introduced a "Recreation Club" to broaden the social activities of its employees from the narrow and exclusive base of varsity sports. Now, each department was to have its own hockey, baseball, and basketball teams. Gone were the teams that competed against teams from other companies; or, in the case of the hockey "Dofasco's," were semi-professional. The additional activities came in the form of card games like euchre and cribbage to be played in the Winter Gardens the first and third Friday of every month. Dances were to be held once a month during the winter in the Crystal Ballroom of the Royal Connaught Hotel. A theatre show was to be arranged yearly and the Dofasco Band and Glee Club, established in the mid-1930s, were given formal status. And, finally, for those interested in sports, but in a non-competitive way, time had been rented at local facilities for recreational skating and swimming.

<sup>48</sup> *Ibid.*

<sup>49</sup> Wayne Roberts interview with M. Dick, 1980. Tape available at Labour Archives, Mills Memorial Library, McMaster University.

<sup>50</sup> Author interview with Ernest Piercy, 27 February 1980.

<sup>51</sup> Murray Dick, 1980.

The establishment of the Recreation Club represented a decisive change in Dofasco policy with regard to the social activities of its employees. With the advent of the Recreation Club, Dofasco was beginning a programme designed to organize its employees further along lines conducive to increased identification with the company. In so doing the firm was heeding the advice of the National Industrial Recreational Association which spoke of increased identification as one of the many benefits of employee recreation. "Recreation," one of its brochures stated:

Breaks down barriers  
relieves job monotony  
builds friendship  
helps cut absenteeism  
improves the mental attitude of the employee  
reaches the employees' family  
keeps contact with retired employees  
spots leadership ability  
improves community relations and  
gives the company the reputation of being a  
"good place to work"<sup>52</sup>

Dofasco's programme met many of these goals. For those workers interested in recreational activities, it confirmed the benevolence of the management even if, like machinist Andrew Hargot, they recognized that it served as "good public relations for the company."<sup>53</sup> For other, less enthusiastic, workers the creation of the recreation programme was seen as a way "to keep the men together — so that they weren't fighting each other all the time."<sup>54</sup> Even the most skeptical workers realized the overall success of the new Club. The "employees did not recognize it as paternalism," recounts power-house operator Robert Harkness.

They thought it was great. Of course to me it was just the other way around. It was just another method of controlling the employees by getting them into sports and getting their foremen working along with them in sports. This is the way we'll keep them all happy.<sup>55</sup>

Each of these programmes — and the varied reactions of employees to them — were, of course, not particular to Dofasco. Other industries in Hamilton and across Canada had instituted similar programmes and propounded similar philosophies regarding worker-management co-operation.<sup>56</sup> At Stelco, for exam-

<sup>52</sup> Quoted in H.D. Meyer and C.K. Brightbill, *Community Recreation: A Guide to its Organization* (New Jersey 1956), 284-90.

<sup>53</sup> Andrew Hargot, 21 February 1980.

<sup>54</sup> Ernest Piercy, 27 February 1980.

<sup>55</sup> Author interview with Robert Harkness, 15 November 1979.

<sup>56</sup> Aside from Stelco, Proctor and Gamble, Westinghouse and National Steel Car produced company magazines — all of which put forward the same message. Indeed, Proctor and Gamble rivalled Dofasco in its efforts to harmonize work relations.

ple, the company's magazine, *Stelco Flashes*, regularly brought the company's pension and sickness benefit plan to the attention of its readers. The magazine also continually endorsed the goal of harmonious relations between the company and its employees. Yet, as the historic strike of 1946 between Stelco and the United Steelworkers of America (USWA) displayed, these programmes and these words had little impact in harmonizing the shopfloor relations between workers and management.<sup>57</sup>

What, then, was different about Dofasco? One important difference was the gradual change in the powers of the foremen at Dofasco. During the 1930s Dofasco foremen controlled their work groups through their powers to hire and fire. With the start of the war and the developing labour shortage, these powers were eroded through the rapid expansion of the workforce. Friends and family continued to be given priority, but the demand for labour quickly outpaced these limited networks. At the same time, foremen had their powers to dismiss workers crimped. Again, it was the demands of war which largely conditioned this change. Yet, in addition to these changes, Dofasco management began to stress the delicate mediating, rather than the ruling, responsibilities of leadership. Regarding foremen, their duties resolved into five essentials: "Visualize, Capitalize, Organize, Deputize, and Realize." Of these, the most important was the ability to "Deputize" as "every employee has the right to help in running the plant and to share in the development of his own department."<sup>58</sup> Moreover, a sense of shared responsibility prepared workers to take on supervisory roles themselves. "Every foreman has come from the ranks," the *Illustrated News* informed its readers. "He stands for the management, for the ideals of the company, for the standard of quality of the product."<sup>59</sup>

There was a strong element of validity in each of these statements. Foremen at Dofasco (as in most other plants at this time) were, in fact, chosen from the "ranks," thereby lending some legitimacy to management's constant refrain that hard work and discipline could lead to promotion. Moreover, there existed a small, but highly visible core of eastern and southern European foremen, and even one supervisor.<sup>60</sup> The presence of these men in front-line supervisory positions did not mean, however, that in the 1940s Dofasco's "foreign" workers were not subject to discriminatory practices or that *all* workers had *equal*

<sup>57</sup> For a discussion and analysis of the events at Stelco, see Storey, "Workers, Unions, and Steel," ch. 6.

<sup>58</sup> *I.N.*, 6, 2 (February 1942).

<sup>59</sup> *Ibid.*

<sup>60</sup> When Italy entered the war, members of the Royal Canadian Mounted Police entered industrial plants in Hamilton and took many Italians into custody. Stelco followed this action by systematically demoting any of their Italian workers from supervisory positions. This action had a marked impact on the Italian and other ethnic groups in Stelco and was critical in their overwhelming support for the union and the strike in 1946. Dofasco management did not follow Stelco's example. This lack of action had its own, very different, impact on parallel groups of workers at Dofasco.

access to better jobs. During the war, promotions continued to come easily to the Anglo-Saxon employee, especially if he held a membership in the Masonic Lodge or played for one of the company's athletic teams. Still, the increasingly circumscribed role of Dofasco foremen contrasted favourably with that of foremen at other Hamilton plants.<sup>61</sup>

None of the Dofasco policies and programmes was as vital as the centrepiece of the "Dofasco Way" — profit-sharing. Introduced in May 1938, the "Dofasco Savings and Profit-Sharing Fund" was the product of a four-year management search that involved canvassing more than 200 profit-sharing plans. As adopted, the Dofasco plan was a modified version of a plan in use at the Joslyn Manufacturing Company of Chicago. Prior to the public announcement, a spokesman from Joslyn addressed Dofasco supervisors at the Royal Connaught Hotel. Organized to explain and persuade lower level management of the viability of the profit-sharing idea, the meeting proved a success. Shortly afterwards, the company took the plan to the employees.

"It is the biggest news of the year," proclaimed the *Illustrated News*, because "almost overnight, a new feeling of security has found its way into the Dominion Foundries and Steel men's hearts."<sup>62</sup> The security took the form of a company guarantee to match employee contributions to a savings "Fund" by an "amount equal to 10 percent of its net earnings, but not more than four times the amount of the employees' savings."<sup>63</sup> Each employee could place in the Fund either 3 or 5 per cent of their yearly earnings to a maximum of 150 dollars. To be eligible an employee had to have three years of continuous service with Dofasco. Savings accumulated in the Fund were to be invested by the trustees of the Fund in "recognized trust fund securities or government bonds or annuities" and employees could withdraw their contributions at any time. The amount of company contributions they were allowed to withdraw, however, depended upon length of service with the company. In cases of death the company would withdraw 2,000 dollars from the Fund or "all of his pro rata share at that date in the profit-sharing fund," and pay this sum to the beneficiary.<sup>64</sup> Total disability before the age of 60 was likewise to be met with a 2,000 dollar contribution from the Fund while the "problem of men already old in the service of the company will be taken care of by a special fund augmenting their savings and profits in the fund."<sup>65</sup>

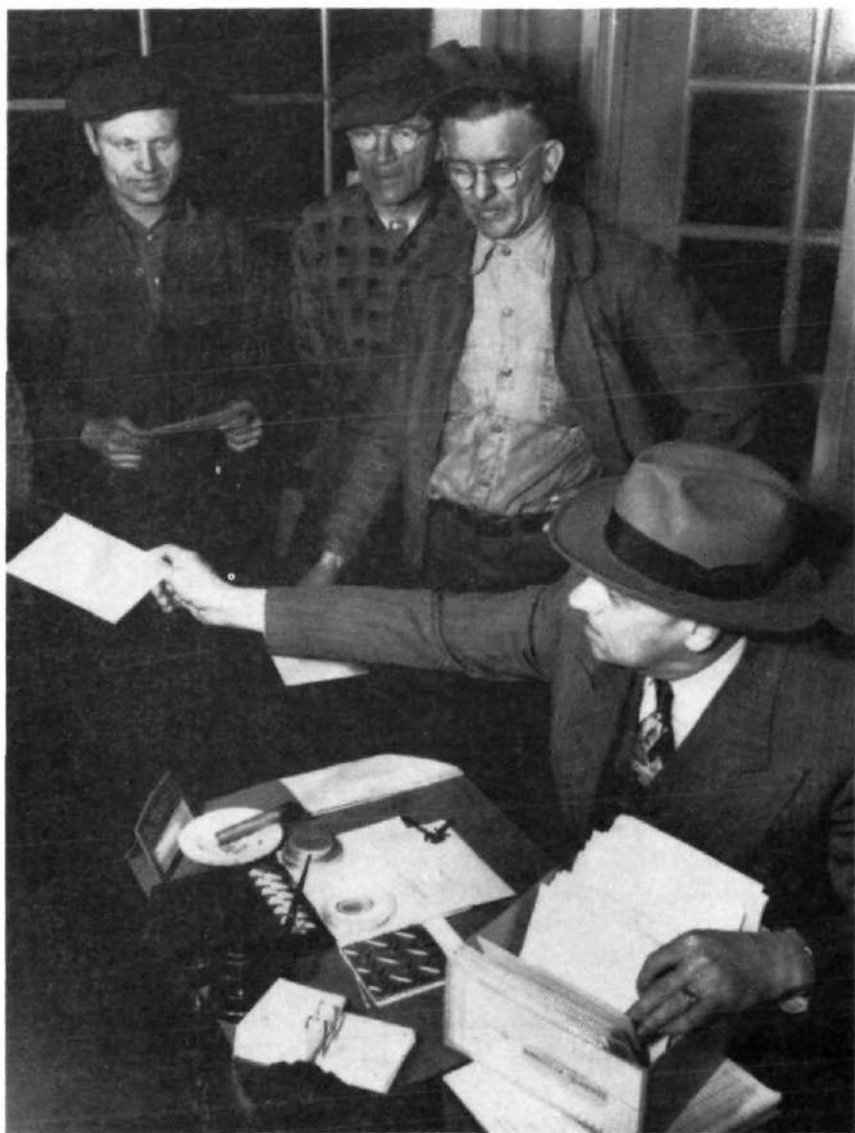
<sup>61</sup> The most relevant contrast was with foremen at Stelco who retained their powers and were left largely alone by upper level management.

<sup>62</sup> *I.N.*, 2, 5 (May 1938).

<sup>63</sup> *Labour Gazette*, 38, 7, 753.

<sup>64</sup> *Ibid.*, 38, 11, 1232.

<sup>65</sup> *Ibid.*, 38, 7, 753. The Joslyn Manufacturing and Supply Company had introduced its profit-sharing plan in 1918. The modifications made by Dofasco were in the areas of investments from the Fund and provisions for retirement. For a description of the Joslyn plan, see C.C. Balderston, *Profit-Sharing for Wage Earners* (New York 1937), 72-83.



*Workers receiving their Profit Sharing Fund booklets. There was a great deal of suspicion toward the Fund at the beginning. SOURCE: Labour Studies Collection, McMaster University.*

Employee reaction to the profit-sharing plan depended upon skill and nationality. As usual, skilled workers were in a better position to benefit than unskilled labourers: higher incomes allowed for higher contributions to the Fund and thus more money at the time of retirement. Consequently, skilled workers often greeted such plans with enthusiasm and Dofasco's machinists, rollers, and heaters proved no exception. Dofasco's first generation eastern and southern European population, however, had difficulty understanding the plan. One fearful worker was William Pawliw.

At first when that came out . . . people didn't know what it is. We was afraid. We didn't know what's coming on. They ask us to sign if you're there three years already. . . . Three percent deduct off your pay or five percent deduct off your pay.<sup>66</sup>

Given such fears, it became the task of men like Guy Capriotti — second generation Italians, Poles, Croats — to explain the plan and to convince the hesitant.

Some of the old timers were pretty illiterate and they were suspicious that the company was taking their money away. I remember I has some pretty tall explaining to do . . . about that very thing.<sup>67</sup>

Within two months of its inauguration, 100 per cent of those eligible had signed into the Fund. Theoretically voluntary, membership in the Fund was perceived by the workers as desired by the management and was, in fact, a central element in the company's efforts to stabilize labour turnover. According to the *Illustrated News*:

Security for every DFS employee is the motive of the Fund. It provides for old age so that a 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.<sup>68</sup>

Naturally, the simple introduction of a profit-sharing plan did not ensure its success. One requirement, Stuart Brandes has argued, was that the money associated with such plans be free of a direct market relationship.<sup>69</sup> Corporate size was also an important factor: large employers preferred the adoption of Employee Representation Plans (ERP). When profit-sharing was chosen, as in the case of the giant United States Steel Corporation, the plans invariably revolved around stock purchases and held little importance except for company executives and skilled workers.<sup>70</sup> And, finally, successful profit-sharing schemes bore the imprint of a company president who, his employees believed,

<sup>66</sup> William Pawliw, 21 February 1980.

<sup>67</sup> Guy Capriotti, 28 November 1979.

<sup>68</sup> *I.N.*, 2, 5 (May 1938).

<sup>69</sup> Brandes, *American Welfare Capitalism*, 84.

<sup>70</sup> See John Garraty, "The United States Steel Corporation versus Labor: The Early Years," *Labor History*, 1 (Winter 1960).

had their welfare at heart.<sup>71</sup> This was the major perception of Dofasco workers as to why the Sherman brothers decided to introduce profit-sharing.

C.W. Sherman was a kindly, fatherly, very, very brilliant man. He always had the hearts of the employees. He always had their well-being in mind, in his heart.<sup>72</sup>

When Dofasco first started up, the Shermans worked right out on the floor with the men. They were even bumming cigarettes off the guys.<sup>73</sup>

Behind each of these characteristics of successful profit-sharing plans stood another, more significant, factor: the plan had to be successful; it had to benefit its members. In turn, the success of any profit-sharing plan depended, in part, on the point at which the plan was introduced. The "timing" was important as employee acceptance and enthusiasm for the programme would fail to materialize or dissipate rapidly if profits were low or non-existent.<sup>74</sup> Indeed, one examination into profit-sharing plans in the United States revealed "too small... or no profits" as the principal cause in the termination of profit-sharing schemes.<sup>75</sup> At Dofasco, the timing was critical to its success. Introduced just before the war, the workers were able to pay into the Fund on a regular basis and profits were large enough to guarantee that employee contributions would be matched by those of the company on a five and three to one basis.<sup>76</sup> In the first year, employee contributions were matched five to one and the Fund rose to \$160,000. By March 1943, "about 1,500 workers had collected \$1,633,438.49," an average of slightly more than \$1,000 per member.<sup>77</sup> Earlier in the same year Dofasco had lifted the normally prescribed waiting period of three years to allow anyone to join in January who would have become eligible during the year. This action, while obviously beneficial both to those allowed into the Fund and to the company which could draw on the increased capital, caused some concern among current Fund members who feared that the more people there were in the Fund the less money there would

<sup>71</sup> For one example see, Sidney Pollard and R. Turner, "Profit-Sharing and Autocracy: The Case of J.T. and J. Taylor of Batley, Woollen Manufacturers, 1892-1966," *Business History*, xvii (January 1976).

<sup>72</sup> Guy Capriotti, 28 November 1980.

<sup>73</sup> Andrew Hargot, 21 February 1980.

<sup>74</sup> Balderston, *Profit-Sharing*, 43.

<sup>75</sup> B.L. Metzger, *Profit-Sharing in Perspective* (Evanston 1964), 9. Metzger outlines four other reasons for the failure of profit-sharing plans. In descending order they are: 1. too small or no profits; 2. change in ownership or control; 3. failure as a group incentive; 4. workers' preferences for wage increases. Other, less notable, causes were poorly conceived provisions in the plan, friction with a union, the proneness of workers to regard shared profits as pay, poor communications resulting in employee lack of understanding, appreciation and interest.

<sup>76</sup> During the war government regulations restricted Dofasco to a three-to-one ratio in the profit-sharing Fund.

<sup>77</sup> *I.N.*, 7, 3 (March 1943).

be for individual members. Dofasco's response to the complaint was a ready one: any increase in the number of people in the Fund could easily be offset by an increase in production and productivity.

The linking of the economic fortunes of the individual worker with the fortunes of the employer was a longstanding practice in industry. Profit-sharing helped bolster this association by creating a "direct link between employees' self-interest and corporate objective, . . . a means of giving an employee an obvious stake in the profitability of the company — a common venture with a common gain."

Profit-sharing is a way of developing an atmosphere in which employees want the business to succeed as much as the management does. . . . A profit sharing partnership evolves, out of which flows appropriate information-sharing, responsibility-sharing, participation, a sense of belonging and the like; money-sharing then becomes the essential outward sign and vital cohesive force of this partnership. A climate of co-operation is created conducive to the growth of both human beings and profits.<sup>78</sup>

This was the essence of the idea and the fact of profit-sharing as it was conveyed to employees at Dofasco. With the issuing of the first Fund booklets (replicas of bank books), employees were reminded of the "most important factor, which overshadows everything else in the building of increased earnings, and that is loyalty to ourselves and to our shopmates and to our company."<sup>79</sup> The loyalty spoken of here was of a particular kind: a loyalty based on the realization that the workers and the management were "partners in the company" and an understanding among the employees "that the company as a whole cannot make a profit without the employees themselves sharing in that profit."<sup>80</sup>

The profit-sharing Fund was the central ingredient in Dofasco's human relations orientation to promoting employee loyalty. Nevertheless, as one investigation of profit-sharing plans demonstrated, they tended to fail if not supplemented with other programmes of the kind instituted by Dofasco.<sup>81</sup> Employee welfare programmes provided workers with concrete proof that profit-sharing plans were not merely, or even primarily, employer mechanisms to increase productivity and profits while stabilizing wages. That is, workers' suspicions about the intent of such plans were allayed in the face of other programmes which bore no apparent relation to company profits. Welfare programmes supported the employers' claims of care and concern for the workers. In short, they helped create an "enterprise consciousness."<sup>82</sup>

<sup>78</sup> Metzger, *Profit-Sharing*, 10.

<sup>79</sup> *I.N.*, 3, 2 (February 1939).

<sup>80</sup> *Ibid.*

<sup>81</sup> Balderston, *Profit-Sharing*, ch. 5.

<sup>82</sup> E. Bristow, "Profit-Sharing, Socialism, and Labour Unrest," in K.D. Brown, ed. *Essays in Anti-Labour History: Responses to the Rise of Labour in Britain* (New York 1980).

During World War II the programmes associated with the "Dofasco Way" were successful in promoting loyalty among the workers. There existed within the company workers who projected a consciousness in line with the philosophy of 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."<sup>83</sup> There also existed workers who remained suspicious of and antagonistic to the designs of the company. Many of these men supported the objectives of the SWOC in opposition to the "paternalism" of Dofasco management. Yet, in their union activities they confronted fellow workers who had adopted the policies and programmes of the company as their own. More importantly, however, they faced a management which firmly believed that their "Dofasco Way" was "the *best* and the *only* way — a way worth clinging to — and a way worth fighting for."<sup>84</sup>

#### IV

OPERATING ALONGSIDE POLICIES and programmes designed to instil loyalty, were others designed to create fear. Prevented in the 1940s by the gathering labour shortage from summarily firing "disloyal" employees, Dofasco management embarked upon a methodical campaign intended to intimidate union members and discourage possible supporters. By the end of the war the success of these practices was apparent: the fears of Dofasco workers matched those of workers throughout Canadian industry.<sup>85</sup>

The dismissal of members of the union executive from Dofasco between 1936 and 1937 had important consequences for the development of unionism. First, it cut deeply into an indigenous leadership, a crucial element in the all-important task of rallying support for the union inside the plant. Second, in the tense and very insecure climate of the period, Dofasco's actions effectively silenced any employees who remained sympathetic. Yet silence did not translate into complete passivity in the early years of the war. According to one ex-management official, short "strikes" by specific work groups were a constant occurrence.<sup>86</sup> Until the war transformed the labour surplus into a labour shortage, however, demands for wage increases were either ignored or handled with dispatch. In 1940, for example, Dofasco refused the wage demands of its "riggers" (those men who constructed and repaired overhead cranes) who responded by quitting and walking across the street to Dominion Bridge.<sup>87</sup> The

<sup>83</sup> *I.N.*, 9, 4 (March 1945).

<sup>84</sup> *Ibid.*

<sup>85</sup> Even after the enactment of P.C. 1003 in 1944 giving Canadian workers the right to join unions of their own choosing and bargain collectively with their employers, many workers remained fearful. See the next pages of the text and the comments of Local 1005 president, Reg Gardiner.

<sup>86</sup> Author interview with ex-Dofasco management official, 12 March 1980.

<sup>87</sup> John Taylor, 16 January 1980.

same year witnessed a more characteristic confrontation when the cranemen themselves, with Frank Spencer as their spokesman, circulated and presented a petition to the works manager demanding a wage increase. John Taylor, remembers the reaction of the works manager:

Mr. Loosely got it, tore it up, threw it in the bag and says, "What's your problem?" And Frank Spencer says he wanted more money and the other fella said he wanted more money. And Louis Wallent . . . had a union card and Mr. Loosely told him that if he didn't tear that thing up right then and there he was out of a job. . . . They more or less forced Frank Spencer to go back into the heat of the ingot floor which he wasn't supposed to on the account of his health.<sup>88</sup>

As in other industries the developing labour shortage and the accumulation of federal government Orders-in-Councils concerning the setting and freezing of wage levels altered important aspects of worker-management relations: Dofasco could no longer dismiss employees as easily, but workers could no longer pressure management for wage concessions through direct action. Despite the apparent reciprocity of this new balance, Dofasco continued to monitor the actions and reactions of its workforce to events inside and outside the plant gates.

Events outside the plant gates were the source of greatest concern. Most obvious among these were the deliberations leading up to the passage of the Ontario Collective Bargaining Act.<sup>89</sup> Dofasco Vice-President, A.G. Wright, added his signature to a letter sent by more than 50 of Hamilton's employers to the Ontario government opposing the Bill. In addition, the delegation of the Canadian Federation of Labor and Associated Workers (CFLAW) included among its number one representative from the "Dominion Foundries and Steel Employees' Association." In that submission, the CFLAW called upon the government to recognize,

that all true labor organizations are begun by the banding together of workers on the job, in a single workshop. . . . When workers are threatened with loss of livelihood for neglect to subscribe to a local union which had acquired monopolistic control of a whole trade or industry, the economy ceases to be free and labor organization becomes a function of the Civil Service, as in a Fascist State.<sup>90</sup>

The context of the CFLAW memorandum, as well as the source of Dofasco management's concern, was the strikes of steelworkers at Algoma, Dosco, and Trenton in January 1943. There, in defiance of government warnings, workers had struck and seemingly succeeded in wresting significant economic and

<sup>88</sup> *Ibid.*

<sup>89</sup> For a partial discussion of this process, see Laurel Sefton-MacDowell, "The Formation of the Canadian Industrial Relations System During World War II," *Labour/Le Travailleur*, 3 (1978).

<sup>90</sup> "Company Unions in Canada," United Electrical, Radio and Machine Workers of America, Toronto Archives, n.d. (my thanks to Jim Turk for bringing this reference to my attention).

political concessions from an embattled Prime Minister and his Liberal government. The concern of Dofasco management was that its own workers should remain distant from the industrial unrest that was building as the war dragged on.<sup>91</sup>

Dofasco reacted in two ways — practically and ideologically. Ideologically, the pages of the *Illustrated News* reminded Dofasco employees of how the "Fund Teaches There Is A Better Way" by "bringing into closer harmony both capital and labor." Profit-sharing had been introduced, president C.W. Sherman wrote in the Fund booklets of March 1943, "not because of the demands of the employees or because of any labor crisis. It was part of management's plan and purpose."<sup>92</sup> A year later, after the near election of a CCF government in Ontario, the victory of Sam Lawrence in the Hamilton mayoralty race, and the passage of PC 1003, it became "part of management's plan and purpose" to warn its employees of the "danger[s] of a socialist government creeping up on us."<sup>93</sup>

[F]rankly our hearts fill with fear that the restlessness of these war years may cause men to lose their better judgement and bring into their country of freedoms the very thing against which we are fighting.<sup>94</sup>

Furthermore, the *Illustrated News* stated, Dofasco workers had no need of socialism. They had only to study the basic principles of the Fund to discover that "in a manner [they] represent a very advanced form of socialism:"

For instance, the "Fund" member actually buys with his services in the plant in the form of "extra" production effort, a share of the company's earning, just as surely as the stockholder buys a share by paying for the stock he holds as an investment.<sup>95</sup>

The pace of events left little time for further elaboration. Rather, with working-class unrest building, Dofasco returned to those practical methods found to be successful in the late 1930s. Among the most affected by this change in orientation was craneman Stan Ellis. Hired in 1940, Ellis had been introduced to politics and unionism through the activities and strong CCF con-

<sup>91</sup> In 1943, work days lost due to strikes reached record levels. One of the most important of these strikes was that of Kirkland Lake miners. For a description and analysis of this strike and the surrounding events, see Laurel Sefton-MacDowell, "Remember Kirkland Lake: The History of the Effects of the Kirkland Miners Strike, 1941-1942," Ph.D. thesis, University of Toronto, 1979.

<sup>92</sup> *I.N.*, 8, 4 (April 1944).

<sup>93</sup> The rise of the CCF in Ontario and in Canada as a whole sent shock waves through the ruling Liberal Party. By early 1944, Prime Minister King had convinced his party that it needed to enact reforms designed to meet the demands of Canadian workers for forms of social security. See J.L. Granatstein, *Canada's War: The Politics of the Mackenzie King Government, 1939-1945* (Toronto 1975), ch. 7.

<sup>94</sup> *I.N.*, 8, 4 (April 1944).

<sup>95</sup> *Ibid.*

victions of his father. Consequently, when he began working he "had the ingrown principles that every plant should have a union."<sup>96</sup> Taking part in the sporadic union meetings of the war years, Ellis learned Dofasco's techniques first-hand. Foremost among these practices was the sending of company foremen to attend union meetings. At one such meeting John Dowling, a former steward for the SWOC at National Steel Car and then an organizer for the USWA, was alerted to the presence of a Dofasco foreman and "grabbed him by the scruff of the neck and seat of the pants and tossed him out of the meeting."<sup>97</sup> Naturally, the results of such instances were not always as colourful; in fact, life could be made extremely difficult for those whose presence was recorded. Ellis, as president of Local 1004, drew the particular attention of Dofasco management. For him each Local 1004 meeting was followed by another with the company's personnel manager, Percy Palmer, who would ask "how things were going and I hear you didn't have too many out at the meeting." Finally, Ellis was placed on "three shifts a week: two days on one shift, two days on another, and two days on another."<sup>98</sup>

Other workers felt the pressure as well. Robert Harkness refused to take a prominent role in Local 1004 either during or directly after the war. Feeling that his union beliefs and his activities in the CCF and in union "held him back down there," he was positive he would get fired "as they fired others if they had the least idea they were concerned with the union at all. Firing or promoting them up to where they couldn't have anything to do with the union."<sup>99</sup>

Promotions were a method, according to John Taylor, utilized to "divide and conquer."<sup>100</sup> Evan Mathias, a skilled roller in the tin mill, quit Dofasco in 1946 rather than accept a job as supervisor, a position offered him as an inducement to leave the union.<sup>101</sup> Sometimes, however, promotions would occur only after other measures had been implemented. Edward McKinney, after siding with striking ingot floor workers in 1940, was informed by the company "when he got his army call . . . they weren't deferring any more." After serving in the navy, McKinney returned to Dofasco and "they made him foreman in the scrap yard."<sup>102</sup>

Considered together, these methods, from dismissals to "divide and conquer," constituted the reverse side of the "Dofasco Way." And, according to Stan Ellis, they seemed to have their desired effect:

They had pretty strong family tie of feeling even then; although, I felt there was a class feeling in there that people were bound together for their jobs. There was an undercur-

<sup>96</sup> Author interview with Stan Ellis, 17 January 1980.

<sup>97</sup> *Ibid.*

<sup>98</sup> *Ibid.*

<sup>99</sup> Robert Harkness, 15 November 1979.

<sup>100</sup> John Taylor, 16 January 1980.

<sup>101</sup> Mansfield Mathias, letter to author, 21 January 1980.

<sup>102</sup> John Taylor, 16 January 1980.

rent of be careful what you do. As long as you were careful with everybody and you respected your superiors then you didn't have to worry too much.<sup>103</sup>

By the end of the war Dofasco had been successful in creating and maintaining an atmosphere of fear among the members of its workforce. In assessing the overall impact of this campaign, however, it must be remembered that fear was a dominant aspect of the relationship between workers and management throughout industry. At Stelco, between the signing of the first contract in February 1945, and the beginning of the strike in July 1946, Local 1005 president Reg Gardiner did not service a single grievance in his open hearth department because his fellow workers were "afraid."<sup>104</sup> We must, therefore, look to other factors to explain the defeat of unionism at Dofasco. In this search one factor surfaces as the most critical: the presence of the profit-sharing Fund. For, unlike any of the other employee programmes, only profit-sharing served to instil both loyalty and fear: the former through its success and the latter via threats of termination. As the war came to an end and Dofasco workers looked to the future, this is precisely how management presented the Fund to the workers.

## V

WHEN THE WAR ENDED, the struggle between industrial unionists and Hamilton employers quickened in intensity. At Dofasco, union workers and company executives alike sensed the desire among a sizeable percentage of the workforce for union representation. Thus began a contest to win the loyalty of the majority. Taking advantage of profound divisions of skill and ethnicity in its workforce, as well as a weak organizing campaign, Dofasco management moved to the offensive. Their central argument was the threatened termination of the Fund should the union successfully organize Dofasco workers. At the same time, the company emphasized the benefits Dofasco workers derived from the existence of the Fund. In the end, workers at Dofasco decided against the union. Dofasco had won the contest for the loyalty of its workers.

Dofasco management was keenly aware of the growing percentage of Canadian workers signing union membership cards. They were also cognizant of the reasons for these actions: the desire by workers for security as they entered the uncertain future of post-war Canadian society. Indeed, shortly before the war ended Dofasco asked its employees to ponder the question: "What is post-war security?" The company quickly provided its own answer.

Security to a workingman [means], primarily bread and butter, shoes for the kiddies, money to pay 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.<sup>105</sup>

<sup>103</sup> Stan Ellis, 17 January 1980.

<sup>104</sup> Author interview with Reg Gardiner, 11 December 1979.

<sup>105</sup> *I.N.*, 9, 4 (April 1945).

The question remained, however, how was that security to be achieved and maintained? For Dofasco, the answer lay in "continuing to keep our plants free from strikes, or any other kind of serious labour trouble. . . . That, in itself, will mean security for Dofasco employees because there will be possible full-time employment and maximum earnings." The real danger, then, lay in the opposite proposition of "supposing there was no Dofasco Way."

And, supposing a dispute arose which, due to the lack of a "Dofasco Way," we were unable to settle? Then what would happen? Negotiations would break down, machinery would be idle, men would be deprived of an opportunity to earn their daily bread and their families would suffer as a direct consequence.<sup>106</sup>

This, then, was the real danger that underlay the programmes and policies of the "Dofasco Way." Introduced "not because of the demands of the employees" but as "part of management's plan and purpose," any or all of the various employee programmes could likewise be terminated as "part of management's plan and purpose." Indeed, even as the storm clouds began to form over Stelco, workers at Dofasco were informed by "rumours" of management's intention to withdraw the profit-sharing Fund should their company be organized by the union.<sup>107</sup>

Confronted with such "rumours," union organizers adopted a strategy of facing them directly. Along with other demands for higher wages, shorter working hours, grievance and seniority systems, and union recognition, unionists also called for the continued operation of the Fund. Paul Nykolyn, treasurer of Local 1004, attempted to recruit workers with the slogan: "Let's have the union and let's have the Fund."<sup>108</sup> Again, as in the 1930s, the workers most receptive to the union message were those working in the foundry where, according to Mansfield Mathias, almost 80 per cent became members.<sup>109</sup> The positive response of these workers contrasted sharply with that of workers in the rolling mills. In part, the reason for the differing reactions lay in the working conditions of foundry workers which "even by the standards of those days were deplorable and wages were low . . . while in the rolling mills conditions were much more tolerable: cleaner work and less arduous work, with a

<sup>106</sup> *Ibid.*

<sup>107</sup> "Rumours" is used here in quotation marks both to indicate it as a direct quote from interviews and to emphasize that it was never officially stated that the Fund would be terminated if the company were organized. In 1966, a reporter from a business journal asked Dofasco president F.H. Sherman if the Fund would be withdrawn if there was a successful union drive on the company. "Our profit-sharing plan is our pension plan, 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), 37.

<sup>108</sup> Author interview with Paul Nykolyn, 3 July 1979.

<sup>109</sup> Mathias to author, 21 January 1980.

piece rate system which provided substantially better income."<sup>110</sup> So, too, the readiness of workers in the foundry to join the union had its roots in traditions of unionism, especially among moulders, that dated back to the early twentieth century.

Dofasco's rolling-mill workers had no similar histories of unionism and resistance. They were, thus, also unlike sheet mill workers at Stelco who led the drive for unionism. As a result, they were fundamentally divided from foundry workers: a division that was decisive in the ill fortune of Local 1004 in that it pitted one group of workers against another and left those workers in favour of unionism without an indigenous and articulate leadership among the skilled "Anglo" workers such as existed at Stelco, Canadian Westinghouse, and the Firestone Rubber Company.<sup>111</sup> Moreover, any workers among this last group who shared the pro-union feelings of Dofasco's foundry workers were at the same time conscious of the company's policy of dismissing trade unionists. Consequently, union sentiment among Dofasco's "Anglo" workers was weak and dispersed.

The efforts of Local 1004 members to organize their plant suffered as well from the sporadic attention given them by the national leadership of the union. Even with a 1945 membership of approximately 400, USWA officials kept their eyes trained on Stelco.<sup>112</sup> As such, organizers like James "Shaky" Robertson, while aware of these numbers, failed to develop their contacts. "I knew they had a number," Robertson stated, "but we didn't have any contacts at all. Not a one."

There was nothing to work with and I was so much involved with [Stelco] that frankly I didn't give Dofasco too much attention at the time because I thought it was too rough. . . . [Anyway] the decision was made the day I went in to get Stelco. Get Stelco and you get the rest.<sup>113</sup>

According to Robertson, then, there were three obstacles in the union's path in its efforts to organize Dofasco: no "contacts," it was "too rough," and the priority placed on Stelco. The first reason is suspect. Throughout the war years and directly after its termination there were workers in Dofasco desirous of union representation. Some, like Stan Ellis, were keenly aware that the "union didn't come along with the help." The third reason, however, holds more importance. From 1939 onward union officials realized that for the union to survive in Canada Stelco would have to be organized. Once that task was accomplished, Robertson stated, the "rest" would follow.

<sup>110</sup> *Ibid.*

<sup>111</sup> For the Westinghouse story, see Wayne Roberts, *Organizing Westinghouse: The Alf Ready Story* (Hamilton 1979). With reference to Firestone, it was the workers in the "tirebuilders" department who led the drive for unionization in that plant. These were some of the most skilled workers in the plant.

<sup>112</sup> "Organizers Report of New Local Union," 8 July 1945, United Steelworkers of America, National Office, Toronto, Ontario.

<sup>113</sup> Author interview with James "Shaky" Robertson, 9 December 1979.

Why Dofasco did *not* follow is attributable in large part to the second reason: Dofasco was "too rough." At first glance, this suggestion seems difficult to understand. For, in reality, Dofasco was experiencing severe problems in its reconversion to peacetime conditions. With the war's end 100s of workers had quit the company, in some instances taking with them essential skills.<sup>114</sup> More importantly, dwindling orders had forced a series of lay-offs which threatened to reach into the ranks of the long-term employees. And, finally, because of the poorer economic performance of the company, its contributions to the Fund in 1945 had fallen from three dollars to a dollar and one-half for each dollar invested by individual employees.

Dofasco was thus at a difficult juncture, a juncture which created a climate of uncertainty among Dofasco workers which the union might have been able to exploit had it mounted a sustained campaign. Yet, a successful campaign was far from assured even given these difficulties. For while there were members sufficient to fill the positions on the local union executive, their relationship to the bulk of the membership in the foundry was virtually non-existent. Indeed, individual members of the executive were unfamiliar even with one another.<sup>115</sup> Again, however, the dispersed nature of Local 1004 could be attributed to the absence of a strong union campaign that conceivably could have co-ordinated and resolved these divisions. In the final analysis it is impossible to conclude, in a definitive manner, whether Dofasco workers could have been successfully organized into the USWA in the period immediately after the war. It seems, however, unlikely. For apart from the weak and isolated nature of the union leadership, union organizers had to confront the issue of the possible loss of the Fund. This was particularly significant given that the great majority of Dofasco workers at that point were members of it. During 1945 and 1946 the future of industrial unionism in Canada was far from secure. In this atmosphere of uncertainty Dofasco workers were interested in protecting their security which lay in the Fund.

This did not mean that workers at Dofasco remained impartial witnesses to the industrial turmoil sweeping the nation. Predictably, it was the struggles at Stelco that drew the most attention. Indeed, workers like William Pawliw saw the desires of Dofasco workers tied directly to the events at Stelco.

The people was watching that strike and they was enthusiastic that the strike would be

<sup>114</sup> As in all industries at the close of the war, many workers left Dofasco as soon as they were able. In the case of Dofasco, many of those who left did so with the hope of buying farms or opening their own businesses. At the same time, this exodus created opportunities for workers who remained to learn new skills. Paul Nykolyn, for example, received training as a bricklayer (from a bricklayer's helper) when virtually all of the company's bricklayers left.

<sup>115</sup> This information is gleaned from interviews with members of Local 1004 executive, Stan Ellis, Paul Nykolyn, and Jack Beemer.

won. They wanted them to win. . . . They must have thought that once the Steel Company win something those people in Dofasco they going to get the same.<sup>116</sup>

During the strike Dofasco workers were indeed informed that they would get "whatever they got." They were also informed through a column in the *Illustrated News* entitled "Vox Pop" and published in the midst of the strike, of the views and concerns of (nameless) employees in every department "exactly as they were made."

FOUNDRY — I've got a good reason for wanting to work every day. I bought a new home about a year ago. Then I was laid off for a few weeks early last winter and got behind in my payments. I'm caught up now, but I never want that to happen again. I want to get my place paid for as soon as I can, and then no one can put me out or take it away from me if things do get tough again. Besides, what do I have to squawk about? I'm getting good money. And they treat a guy good here, too.

MELT SHOP — I want to make all the dough I can when I'm young. I don't want to have to work all my life. And you can't make a helluva lot of money parading up and down Beach Road. I know; I did that back in the Depression. I make good dough on the furnaces, and I'm on the Fund now, so I'll get some of the profit the Company makes from now on.

CHIP SHOP — I got beeg family — lotta keeds. Whose feed 'em I don' work? Whose buy shoes I don' work? Pretty soon be Christmas — whose buy toys I don' work? You show me whose do dat, I don' work?<sup>117</sup>

By staying at their jobs throughout the strikes of 1946 workers at Dofasco earned the "Thank You" of management for proving that "THE DOFASCO WAY IS THE BEST WAY." For the next months a calm returned to the city as Local 1005 and Stelco settled down to protracted negotiations regarding the fate of the union members arrested and charged with criminal offences associated with the 82-day strike. By the time the union and Stelco signed the contract on 1 March 1947, Dofasco had finished granting its concessions to its employees. The company matched both the 13-1/2 cent and the 6 per cent wage increases negotiated by the union at Stelco. In fact, Dofasco added an additional cent to the hourly rate to give their employees a bonus and to decrease the ten cent differential that existed between the base rates of the two companies. With the 40-hour week lost at Stelco, Dofasco held onto its normal 48-hour work week; both introducing, however, premium rates (time and one-half) for all hours worked over eight in a single day. With reference to holidays with pay, Dofasco did not grant parity with Stelco's agreement to pay 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. Nor did Dofasco match the paid vacations won by Stelco workers: the policy introduced in 1937 remained in effect whereby three years of "continuous service" earned employees one week, while ten years or more brought two weeks.

<sup>116</sup> William Pawliw, 21 February 1980.

<sup>117</sup> For a more complete discussion of the Stelco settlement, see Storey, "Workers, Unions, and Steel."

While Dofasco had equalled many of the gains won by workers at Stelco and other industrial plants in Hamilton, the differences that did remain gave cause for optimism among USWA officials. Indeed, August 1948 found USWA national director, Charlie Millard, writing to the union's international vice-president, James Thimmes, asking permission to hire additional staff for the purpose of launching a drive on Dofasco. "We would like to get this work under way as soon as possible," Millard wrote. "After so many unsuccessful attempts, we must not fail this time."<sup>118</sup>

The union plan called for "a new technique of house canvassing" necessitated by the likelihood of Dofasco workers being fired should they be discovered. When this procedure still did not prevent people from being "systematically fired after signing a union card application," new methods were adopted whereby "each recruit was given the task of enrolling people in fictitious names, keeping to himself only the proper name as one of the tactics used to locate the leak."<sup>119</sup> These techniques proved both difficult and time-consuming. With workers reluctant, however, to accept union leaflets handed out at the plant gates, and with general meetings prohibitive, there were no alternatives. Yet, the tactical obstacles associated with the organizing campaign were not the reason for its ending only five months after it had begun.

One reason for its failure lay in the inability of the union to attract Dofasco workers willing to provide leadership. According to Stewart Cooke, one of the organizers hired for the campaign, the union "gave up because we did not get enough in-plant leadership people."<sup>120</sup> Cooke's explanation notwithstanding, it was also the case that the union was unprepared to devote the full resources of the union to the drive. This is most evident when compared to the drive on Stelco, and when viewed in relation to the considerable time and finances that went into purging the industrial union movement in Canada of Communists.<sup>121</sup> Considered together, however, it was the union's failure to generate interest among Dofasco workers that stood as the most important factor in explaining the fortunes of Local 1004.

Why these efforts resulted in defeat is, in turn, related to two additional factors. First, by 1948 the spectre of massive unemployment which haunted Canadian workers after the war was over had failed to materialize. Economic prosperity seemed certain and jobs for Canadian workers were markedly more secure. This was certainly the case at Dofasco where laid-off workers had long

<sup>118</sup> C.H. Millard to James Thimmes, 6 August 1948. PAC, United Steelworkers of America, MG28, Vol. 6.

<sup>119</sup> Mathias to author, 21 January 1980.

<sup>120</sup> Author interview with Stewart Cooke, 23 May 1980.

<sup>121</sup> The USWA sent one of its organizers, William Mahoney, to the Canadian west coast in order to organize the purge of Communists from the International Wood Workers of America. See, J. Lembcke, "The International Wood Workers of America in British Columbia," *Labour/Le Travailleur*, 6 (1980).

since been re-hired. Second, and more significantly, Dofasco's renewed stability and economic prosperity had resulted in a record year of savings for the profit-sharing Fund. For C.W. Sherman, the existence and the success of the Fund had helped workers "off on the road to better living," while promoting a "better understanding between management and its employees." For workers at Dofasco, the profit-sharing plan provided Dofasco workers with all the benefits of unionism without the burden of having to pay dues.<sup>122</sup> Moreover, in an era without pensions, the Fund held out the promise of security in old age. "It was," remembers William Pawliw, "security for the people."<sup>123</sup>

The profit-sharing Fund was, thus, the centrepiece in the construction of the "Dofasco Way." It instilled loyalty by rewarding long service with financial contributions to a savings fund that promised security in old age and retirement. In so doing it also secured its internal purpose of obtaining and retaining a stable labour force. Moreover, it instilled fear through threats or "rumours" of termination should its members engage in activities not considered part of "management's plan and purpose." Of the two, however, the feelings of loyalty were dominant. That they proved so was due to the success the Fund and the remaining programmes — Christmas parties, picnics, Recreation Club, bands, dances — had in meeting the needs and desires of Dofasco workers. Among the workers there was a general recognition, in some instances laced with shame, that the class struggles of industrial workers in Hamilton and across the country had played an integral part in the wage rates and conditions they enjoyed.<sup>124</sup> Nevertheless, each of these programmes persuaded Dofasco workers that their management, and especially their company's owners, shared their concerns and their interests. As a result, workers like Andrew Hargot rejected industrial unionism.

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.<sup>125</sup>

The above quotation catches the essence of the acceptance and internalization of identification with Dofasco as a company. The company could, and did, provide all the benefits available in the "union shops." But Dofasco workers believed they had something more: they believed they had an employer who cared and who saw to it that the interests and the needs of his employees were met. According to Arthur Kruger, "most of the older employees regard[ed] the elder Sherman... as a cross between a benevolent Jove and a sympathetic friend who [would] take their part in disputes with foremen or intermediate management." This was true even among "the older men who indicated a

<sup>122</sup> This view was expressed by virtually all of the Dofasco workers interviewed.

<sup>123</sup> William Pawliw, 21 February 1980.

<sup>124</sup> *I.N.*, 10, 7 (August-September 1946).

<sup>125</sup> Andrew Hargot, 21 February 1980.

desire for unionism. . . ." <sup>126</sup> It was true as well of younger, union-oriented workers like Mansfield Mathias who thought "top management of Dofasco appeared to be a little more humane in its general dealings with employees than were other industries." <sup>127</sup> This was a philosophy which filtered down to the shopfloor where the "foremen were better. They treated us like friends whereas at Stelco it was just the other way around. Foremen were pretty snotty and you had to be on your toes." <sup>128</sup> In sum, the policies and programmes of the "Dofasco Way" produced men such as Walter Bienker, a "Dofasco Man."

He was a Dofasco Man. You couldn't say anything about Dofasco to him. He liked that fact that Dofasco had no union. He felt 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. <sup>129</sup>

## VI

ALONE AMONG HAMILTON's major employers, Dofasco had survived the struggle for industrial unionism. Dofasco's success is attributable to three factors: the presence of the profit-sharing Fund, the absence of a sizeable and cohesive group of workers committed to industrial unionism, and the lack of a strong organizing campaign by the USWA. The most important of the three was the profit-sharing Fund as only it combined the two elements of the "Dofasco Way": loyalty and fear. Both of these elements combined to produce the "Dofasco Man," a worker aware of the company's determination to remain union free (and its willingness to take any measures necessary to ensure that status) and aware that the Fund, along with the other welfare programmes, met his most pressing needs regarding security, while simultaneously ameliorating some of the tensions and deprivations of the shopfloor. The fact that these programmes were instituted in response to economic problems and industrial conflict was of little or no interest to Dofasco employees. What mattered were the needs and the demands that each met.

Not surprisingly, these needs and demands were similar to those of industrial workers throughout Hamilton and across the country. Dofasco workers were, after all, part of a larger working-class movement demanding and winning forms of security which, in part, Dofasco workers already possessed. It was, nevertheless, the successful struggles of Canadian workers which fully formalized these concessions to workers at Dofasco. Moreover, it was the victory of the workers and the union at Stelco which forced the establishment of grievance and seniority procedures at that plant. For their part, workers at Dofasco continued to rely on Dofasco's "open door" policy whereby employ-

<sup>126</sup> A. Kruger, "Labour Organization and Collective Bargaining in the Canadian Basic Steel Industry," Ph.D. thesis, MIT, 1959, 389.

<sup>127</sup> Mathias to author, 21 January 1980.

<sup>128</sup> Walter King, 19 January 1980.

<sup>129</sup> Author interview with Margaret Bienker, 29 November 1979.

ees were encouraged to take their *individual* complaints through the ranks of management, upward to the president, until they achieved satisfaction. In all cases regarding promotions, however, the decisions of Dofasco management were unchallenged and final.

Without question these were significant variations. However, as manifestations of different systems of industrial relations, they were not so diverse that they symbolized fundamental distinctions between workers at Dofasco and workers in other large industrial, unionized plants in Hamilton. Indeed, what was symbolized by the varying situations of Hamilton workers was the rather circumscribed range of needs and aspirations found within the Hamilton working class *as well as* the avenues open to workers and employers in meeting these needs and aspirations.

How employers attempt to satisfy the needs and demands of workers has, of course, varied over different historical periods. Yet, as analysts have pointed out, there is an underlying continuity of purpose to plans formulated in the nineteenth century and those currently being adopted which aim to subdue the militancy of workers, to drive down labour costs, and to increase productivity.<sup>130</sup> Some, like the "Dofasco Way," actively seek to win the loyalty of workers by shaping their perceptions and interests. The fact that new initiatives are still required today bears testament to the failure of the old. Nevertheless, the instance of Dofasco provides a singularly important example of how such programmes can succeed in defeating trade unionism even in periods of sustained class conflict. Consequently, it is not difficult to understand how the various components of the "Dofasco Way" can continue to win the loyalty of workers in a period when trade unionism defines its goals strictly within the parameters of standard collective bargaining. These parameters were set by the demands and victorious struggles of Canadian workers in the 1930s and 1940s. Current promises by corporations to improve the quality of working life address the same issues and concerns of trade unionism. That they can succeed points to the ability and power of corporations to control and shape the attitudes of their workforces. It points, as well, to the fact that trade unions must move beyond the traditional concerns of collective bargaining if they want to meet the challenge of the "Dofasco Way."

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<sup>130</sup> Donald Swartz, "New Forms of Worker Participation: A Critique of Quality of Working Life," *Studies in Political Economy*, 5 (1981).