

**Cyrus Eaton**

*The Man from Pugwash*

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# Men of Action

## CYRUS EATON

### *The Man from Pugwash*

THE DAY THE BUDDING Bells, Laws, Oslers and Beaverbrooks no longer leave Canada to storm the gates of power and rank in England or the United States will be of significant record to the Canadian historian.

When the flood sets back, and young men from all over the world in search of a career of adventure, profit and honour instinctively head "north of the border", historians will seek a marker.

They may find it in the career of Cyrus S. Eaton, tycoon extraordinary, the boy who left Pugwash, Nova Scotia, to be a Baptist minister and returned as chairman of the board of the Chesapeake and Ohio Railway; chairman of West Kentucky Coal (it competes with Ohio coal on Canadian railroads); director of Cleveland-Cliffs Iron Co., which controls large blocks of Republic, Inland and other great steel corporations; chairman of Steep Rock Iron Mines, and owner of a billion tons of iron ore, soon to be developed in Ungava.

Cyrus Eaton turned his first dollar at the age of six carrying water for the construction crew building a branch of the Intercolonial Railway into Pugwash. Neither his initiative nor the railroad's restored the port's ancient prosperity, and young Cyrus grew up with an acute realization of what it meant for a thriving community to lose its main source of jobs.

Pugwash in its day had prospered on shipbuilding. That went out with wooden ships. Just twenty-eight years before Eaton's birth in 1883, most of the townfolk, including the school teacher and the minister, piled aboard three wooden schooners built on Pugwash ways and sailed for New Zealand and a new start in life.

Eaton's grandfather elected to stay. Young Cyrus grew up in a quiet, somnolent Pugwash, serving lumbermen and lobstermen in his father's general store. At seventeen he went to Cleveland to visit an uncle who was pastor of a Baptist Church there. It was a decisive visit; from then on his course was marked by quite different buoys.

Half a century or so later, Eaton is variously described as "the last tycoon" "the tycoon who looks like a cardinal" and "America's most unorthodox bil-



lionaire". At seventy-three he is one of the twenty richest men in America.

He might have fulfilled his family's ambition for him to be a Baptist minister had he not scraped contact with another practising Baptist, John D. Rockefeller, Sr. He was then working as a night-clerk in a hotel in Cleveland to finance his visit to his uncle, John D.'s pastor. Mrs. Rockefeller did not like the idea of this comely candidate for the ministry being exposed so young to the "sordid happenings" which she guessed would be part of a hotel nightclerk's education. She asked her husband to do something about it, and John D. came through with a summer clerical job which saw Eaton

through McMaster but took him far off the trail of the Baptist ministry.

John D. preached another gospel to young Eaton. "There is a tremendous opportunity to do good for mankind through business," he said. "Possibly more than you could accomplish in any other field."

With this emphatic re-orientation, Eaton went to work for the East Ohio Gas Co. He made such an impression that Rockefeller interests sent him to Brandon, Man., to obtain a franchise to build a power plant there. He got the franchise, but the panic of 1907 scared off the backers. Eaton borrowed money — quite a trick in a panic — built the plant, and could have sold it two years

later at a handsome profit. That launched his career in utilities. He was a millionaire at twenty-seven.

The Big Wind blew him out. Eaton took a terrific beating in the thirties. He described it in a majestic understatement: "My affairs underwent a considerable shrinkage. But I did not lose everything."

He spent perhaps fifteen years rebuilding. The major provinces of his empire now are iron-ore, steel, coal, transportation, utilities, paint.

The memory of the decay of Pugwash may have moved Eaton a generation or more later when the town of Warren, Ohio, faced the same fate. In 1926 the Trumbull Steel Co., its single industry, was to be liquidated. "Only one financial institution in the country can save the situation," Trumbull's directors were told. "That is the House of Morgan, and they are not interested."

A casual newspaper account caught Eaton's eye. His personal check for \$18,000,000 kept Trumbull Steel in business. Twenty years after Trumbull, the Wheeling Steel Corp.'s Portsmouth Works was on the way out and so was Portsmouth, Ohio, its home town. Eaton bought the works, reorganized it as Portsmouth Steel, issued shares at \$10, and merged the property to Detroit Steel. Today the local works has 7,000 employees and Portsmouth's shares have a breakup value of \$32.71. In a similar operation he recently saved 750 jobs in Follansbee, West Virginia. The town gave him a banquet.

Cleveland, to be sure, was in no danger of dissolution, but when Eaton settled there he characteristically prevented the National Acme machine tool factory from moving to New England, furnished the money which established Fisher Body in Cleveland when they decided to expand out of Detroit, and reached out to enable the employees of the nearby Cincinnati Enquirer to buy the paper when it was to have been merged.

He is a centrifugal force in industry. He does not believe in industrial management by remote control from some distant financial centre. He made this point when his own fabulous Steep Rock iron mine opened in the North Shore wilderness. "Community growth and improvement have been substantially fostered, I believe," Mr. Eaton says, "by my insistence that the headquarters of the Steep Rock company be located at the mines."

He sees on-the-spot management, not just hard-rock mining camps, as the key to lively and progressive communities in the Canadian North.

Men are known by their friends and honoured in their enemies. Eaton counts as his friends the Man from Independence and John L. Lewis, the late Franklin D. Roosevelt and Robert D. Young.

He welcomed Pres. Eisenhower, Prime Minister St. Laurent and President Ruiz Cortines of Mexico, when the first three-power conference of states was held at C. & O.'s Greenbrier Hotel last March. He does not admit to enemies, but concedes "detractors" or men "of different philosophies". One of these differing philosophers was Sen. Robert A. Taft. Eaton had sought competitive bidding on a \$12,000,000 Cincinnati Union Terminal bond issue. Taft rebuffed him: "Preposterous! We've already made a deal with people we trust — and I resent your coming here."

Outraged, Eaton replied: "They're stealing your bonds." Soon after, competitive bidding on railroad securities was made compulsory by law.

Mr. Taft found a good deal of monied opposition to his next bid for the senatorial nomination. An inquiry into campaign expenses revealed that at least \$35,000 had been contributed by Eaton and other friends of different philosophies from the Senator. However, Mr. Taft won.

In 1954 the Pugwash boy turned his family's old home looking out over Northumberland Strait into a vacation place for authors, scholars, statesmen, labour leaders and businessmen from all countries. He wants them to "relax together, exchange views, sharpen their own thinking, and design formulas for us to live by in the brand-new world." In the simple white clapboard house there gathered last summer men from McGill and Peiping, London, Baghdad and Moscow, New York, Jerusalem and Washington.

Some of the men he invited could not have entered the United States — Prof. Chien Tuan-Sheng, President of the Peiping Institute of Politics and Law, for example. But Eaton believes that the art of international living has fallen dangerously behind the art of international destruction. There is no place for war in the H-bomb age, he feels. "War," he says, "has never provided a satisfactory solution for international problems."

The theory that getting to know people better would provide the solution had a rough time at Pugwash last summer. Dr. Leo Kohn of Israel and Majid Khadduri of Iraq conspicuously abjured sweetness and light, Khadduri even denying the validity of the Balfour Declaration of 1917 which set up Palestine as the Jewish National Home. Eaton took the panel boating to calm tempers.

At the end of a week Dr. H. N. Fieldhouse of McGill remarked elliptically: "It is already fair to say that none of us can ever again think about world problems within the same limitations with which we approached them before we came to Pugwash." The principle of *noblesse oblige* turned out to be more *ancien régime* than anyone had ex-

pected. Intelligence and courtesy seem to be taking a back place to truculent belligerence in international dealings. This does not sit well with Eaton.

He summed up his philosophy for the Canadian Institute of Mining and Metallurgy last spring like this: "A man's first moral obligation is to earn his living, and his second is to be intelligent."

There is time for both of these for a man who gets up punctually at 5:30 a.m. and works until past 6:00 in the evening, who goes skiing in Quebec each winter and rides about his farms near Cleveland or at Deep Cove, N.S., watching his pedigree Shorthorn cattle.

He is tall, white-haired, quietly dressed, quietly spoken. He never loses his temper — in public — or raises his voice. He does not smoke; drinks sparingly.

He likes to read Racine and to discuss classical mythology with John L. Lewis. He astonished and delighted the visiting Soviet farm delegates, who toured the U.S. and Canada last spring, by giving them his prize-winning Shorthorn bull Acadia Sportsman 45th. They reciprocated with a tooled leather wallet depicting a view of the Kremlin and invited him to see the original. Eaton said he would. He believes in seeing for himself, and trusts his unorthodox judgments.

More and more his thoughts turn northwards now.

"I have been fascinated by the northern tip of Quebec, known by the romantic name of Ungava," he says. "With its mighty rivers and great mineral resources, especially its large tonnages of iron ore that roll right down to tide-water." Government geologists guess that there are some thirty billion tons of it. "You can walk on iron ore for 100 miles," says Eaton.

He does not hide his view that a livelier imagination among Canadian bankers, financiers and investors would forward Canadian development and reduce dependence on American financing. But he has no time for charges that American investors are stealing Canada's heritage. "Money from across the border may not be so easy to come by in the years immediately ahead," he warns, "unless it continues to receive cordial welcome from Canada."

Not only money, but men too, must come and be welcome.

"When I was a boy," he told a reporter, "a young fellow often had to go across the border to find employment and good chances of advancement. This no longer holds true. In fact the flow of able young Canadians to the south, which has been draining us for so long, will undoubtedly be reversed, and soon United States lads, looking for something to match their ambitions, will be eager to come up here and join us."

—James Minifie