

Cyrus Eaton Dies at 95; Cleveland Industrialist Urged Links With Communists

By ALDEN WHITMAN

Cyrus S. Eaton Sr., a multimillionaire industrialist who strongly advocated friendly relations with the Communist world, died Wednesday night at his home, Acadia Farm, near Cleveland. He was 95 years old.

Mr. Eaton, retired board chairman of Chessie System, Inc., was an anomaly among American capitalists — a conservative, profit-oriented businessman who also urged that the United States develop relations with the Soviet Union and other Communist countries. A storybook rugged individualist of whom Adam Smith might have been proud, he was a capitalist of several industries, a derring-do financier moneyed beyond mere dreams of wealth.

He was rugged enough not to feel haunted by the specter of the Soviet Union, of the possibility of disarmament or of Southeast Asia without American firepower. He was, moreover, independent enough to scoff at such American totems as the Federal Bureau of Investigation, the Central Intelligence Agency and the internal security committees of Congress.

From 1957 to the close of his extraordinary long and active life, the deliberate speaking Mr. Eaton was on intimate terms with leading personalities in the Soviet Union and rest of the Communist world and frequently exchanged visits with them. He did not, he maintained, accept them as men without flaw nor their social system as preferable to that in the United States. As a realist, what he did accept, he said, was that they existed and should be made friends with.

"No man is less a Communist than I," Mr. Eaton declared in insisting that "I'll match my record as a capitalist against any of my critics." In an interview for this article he said: "My chief interest in working to help save capitalism and all mankind from nuclear annihilation. We must either learn to live with the Communists or resign ourselves to perish with them."

Mr. Eaton's views were often less calmly received than they were uttered. He was criticized as naive, or worse, for what his critics perceived as the true nature of Soviet and Chinese intentions toward the United States. He was often called the Soviet Union's favorite capitalist and described as a subversive and soft on Communism. Responding to such criticism, he professed profound devotion to the United States. "I have a big stake in it," he said. "My treasure is in America."

Just how large that treasure might be was a matter of speculation. His eldest son and namesake put it at \$100 million a few years ago, but others suggested that his fortune was much more substantial and that the business wealth he controlled could be measured in the billions.

Mr. Eaton maintained that peace and coexistence were matters of logic, to which thoughtful men should yield. "One thing you can say about capitalists is that they want to make a profit," he commented, adding: "There is not much to gain if the United States spends billions a year on armaments that ultimately will only blow us all up. Mass destruction is in discordance with the ethical sense of the world, and to incite and promote the destruction of all our skyscrapers and magnificent industrial enterprises doesn't make sense."

'One of the Answers'

Discussing his attitude toward Communism, which he thought was here to stay, he said on his 83rd birthday in 1974: "I am utterly frank when in Russia about the capitalist system. I try hard to convince them that we don't hate them and want to get along."

"I think trade is one of the answers," he went on. "If this country would lower certain trade barriers, it would have a tremendous effect on the rest of the world."

The personal effort by Mr. Eaton to dispel suspicions among peoples and to reduce cold-war suspicions was intensified in the mid-1960's by a rapidly growing nuclear arms race between the United States and the Soviet Union. One of the fruits of his concern was the first Pugwash Conference of Nuclear Scientists in 1957. The gathering, which was attended by men from the Western and Communist blocs, derived its name from its site — Mr. Eaton's home town, a Nova Scotia lobster hamlet.

There has been a series of conferences, chiefly of scientists and scholars, in countries around the world. The groundwork for the two sets of American-Soviet talks on the limitation of strategic arms has been credited to the Pugwash series. For his support of them and for his activity in behalf of understanding between peoples living under differing systems Mr. Eaton received the Lenin Peace Prize in 1969. It was one of several awards bestowed on him by institutions in Communist countries.

Critics of Mr. Eaton viewed the cordial reception accorded to him by Communist leaders as a sign that his hosts were using him as a shield of respectability. Some of the critics were disturbed because the in-

dustrialist, while accusing American leaders of being "political and economic ostriches" in foreign policy, found less fault with Soviet attitudes.

His Judgment Was Questioned

Two episodes were often cited in questioning Mr. Eaton's judgment. One was a reception he gave in New York for Janos Kadar, the Hungarian strongman, shortly after the Russians had quelled the Hungarian uprising in 1956. The other was a cordial meeting with Nikita S. Khrushchev after the Soviet Prime Minister canceled a meeting with President Dwight D. Eisenhower in 1960.

Mr. Eaton's first break with political orthodoxy — he was an unswerving Republican until 1930 — came in his support of Franklin D. Roosevelt's Presidential campaign of 1932. "I realized that Hoover or any Republican couldn't be elected, so I asked my Republican friends who among the Democrats was the soundest man who would save the capitalist system, and the answer was Roosevelt," Mr. Eaton recalled in the interview.

He remained a nominal Democrat for the rest of his life, backing Harry S. Truman in 1948 and lending one of his committees a crucial \$15,000 in the closing days of the campaign.

In business, Mr. Eaton's credentials were impeccable free enterprise. Many of his dealings had a buccaneer aspect, and some financial experts thought him witty as well as astute. In any event he built a ramified industrial empire with combined assets of more than \$2 billion that included two railroads — the Chesapeake & Ohio and the Baltimore & Ohio, six major steel corporations, Republic Steel among them, and utilities, coal, iron and other metal companies.

Protégé of First Rocketeer

Mr. Eaton came on the industrial scene as a protégé of John D. Rockefeller Sr., whom he venerated as among the greatest of American entrepreneurs. Another in his high regard was Samuel Insull, the Middle Western utilities magnate. Although Mr. Insull's intricate holding companies collapsed in the Depression and he died in obloquy after being tried and acquitted on charges of defrauding investors, he was a business genius according to Mr. Eaton.

Picturing himself as a realist, Mr. Eaton accepted trade unionism in the 1930's, rather than battling the unions, he recognized them and signed contracts with them. He liked to tell about the head of one of the steel companies who staked his job — unsuccessfully — on the belief that his workers would not vote for a union.

Those who came to know Mr. Eaton closely discovered that behind the man of business legendariness was a considerate and courtly gentleman of unobtrusive and impeccable manners who was well read, quiet in speech and charming at the dinner table. A tall, spare, erect figure, he customarily wore a sober double-breasted blue suit, a white shirt with a starched collar and French cuffs, and pale blue ties. Save for cuff links, he wore no jewelry. His hair in later years was Arctic white, fine and neatly combed. His well-kept hands moved expressively when he talked, and his voice was mellow and resonant.

Although Mr. Eaton had a keen and incisive eye for balance sheets and corporate reports, he also enjoyed reading history, philosophy and poetry, in which his library was unusually well stocked, and he wrote several books himself. "Nothing contributes more to one's happiness in life than reading the great poetry that very often expresses the happiest and best moments in the life of the poet who

wrote it, "I read it, every day I read some poetry. I keep The Oxford Book of English Verse by my bed."

No More Hassle for Finnan Huddle

Early in the Mr. Eaton had spells of illness, so he took his problems to a physician. At the consultation he confessed to drinking huge portions of corned beef hash almost nightly and, on other occasions, equally large helpings of Finnan haddock and smoked salmon. In addition, he was drinking whisky plus a lot of tea and coffee and he was also smoking. The physician, aghast, put his patient on a regimen that stressed solid meats, fruit and water and that forbade tea, coffee, liquor and tobacco.

Although Mr. Eaton became a hearty eater of steaks, he never deviated from the regimen — except for an occasional shot of Scotch — and he attributed his subsequent robust health to it. Even in his early 80's he played tennis, rode a horse, took a daily walk and skied with his grandchildren.

Mr. Eaton's principal office was on the 36th floor of the Terminal Tower in Cleveland. Since 1912 he lived in subdued opulence at Acadia Farms, 650 acres of rolling pasture and woods near Northfield. He took farming seriously, specializing in Scotch sturdum cattle. According to his son, Cyrus Jr., he arose before 6 A.M. daily and always checked the barns before setting off for Cleveland, 20 miles away, and a day of moneymaking.

Cyrus Stephen Eaton was born in humble circumstances in Puywash, then a village of 500 people, on Dec. 27, 1883. Intending to enter the Baptist ministry, he studied at Amherst Academy and Woodstock College. The summer he was 17 he visited his uncle, the Rev. Charles A. Eaton, a Baptist divine in Cleveland. The boy was working in a hotel when, by chance, he was introduced to members of his uncle's congregation, Mr. and Mrs. John D. Rockefeller Sr.

Something Better for Him to Do

When Mrs. Rockefeller learned about Cyrus's hotel job, she asked her husband, "Can't you find something better for this young man to do, John?" Mr. Rockefeller said that he guessed he could and put him to work on his Cleveland estate. Young Eaton spent the rest of the summer as a messenger in the private telegraph room that Mr. Rockefeller maintained to keep in touch with his ventures and as a fourth at bridge with the Rockefellers and their friends.



Mr. Eaton with Nikita S. Khrushchev during a trip to Moscow in 1953

In the fall, when Cyrus prepared to leave for McMaster University in Toronto for ministerial studies, Mr. Rockefeller sought to dissuade him. "You've got what it takes to be successful in business," he told the young man. "And in business you have a great opportunity to benefit mankind."

Disregarding the advice at the time, young Eaton worked his way through McMaster by clerking in a store, collecting delinquent bills for a physician and working for Mr. Rockefeller's Cleveland gas company during the summers. Upon graduation he was a cowboy for a while in western Canada and then returned to Cleveland as a lay Baptist preacher. Mr. Rockefeller kept after him, and he soon joined the oil magnate's entourage.

Mr. Eaton got his business start in 1907 when Mr. Rockefeller and a group of friends sent him to Manitoba to acquire franchises for a return of processed power plants. When he returned successful, the Panic of 1907 was on and the Rockefeller group was unwilling to carry through the venture. Mr. Eaton took the canceled franchises, raised capital in Canada and built a plant at Brandon, Manitoba. It was far simpler than he had imagined.

"All I did," he recalled, "was to go to a bank in Canada and show them the franchise. I was honest and earnest and I had a sound business proposition."

Consolidation and Amalgamation

The first plant was a success, so he built others. By consolidation and amalgamation he eventually set up the Continental Gas and Electric Company, with holdings also in the Midwestern United States.

Soon worth \$2 million, Mr. Eaton had a partnership in Otis & Co., the Cleveland investment bank. He settled in Cleveland in 1913, becoming a naturalized citizen that year. From then until 1925 he busied himself multiplying his interests, which came to include steel and rubber concerns. He was always willing to take a sound risk.

He moved into steel in a big way in 1925

against the opposition of Eastern financiers. He executed his coup with theatricality after a thorough study of the steel industry and a search for a weak company to take over. He found it in the Ironhill Steel Company of Warren, Ohio, telling the three-man committee running the company: "I know you're in trouble and it will take \$18 million to get you on your feet. Here's my check."

That was exactly what the committee had calculated that it required, but the members did not know Mr. Eaton, and his willingness to take control of the company seemed suspect. His check was challenged, so he told them to telephone the Cleveland Trust Company. They did and Mr. Eaton was in steel.

A Hand in Republic Steel

Once in, he expanded his control and helped bring about the formation of Republic Steel. He also acquired iron holdings through the Cliffs Corporation and bought into the Goodyear, Firestone and United States Rubber.

When the stock market crashed in 1929 Mr. Eaton lost \$100 million. "When he came in to settle up," his broker recalled, "he signed his check with only one comment: 'Tomorrow is another day.'"

By 1933 Mr. Eaton was virtually broke when the Chase National Bank auctioned off his collateral after a costly and titanic court fight to block an attempt by Bethlehem Steel to merge with Youngstown Sheet and Tube. By 1942 he was back in the clutches with some timely assistance from John L. Lewis, the mine workers' leader, and was dealing with more aplomb than ever. The help was in the form of substantial stock purchases in Eaton enterprises by the union pension fund. Needing capital, Mr. Eaton persuaded Mr. Lewis, with whom he was friendly in labor relations, to turn a profit by investing.

The dealings with the miners' fund led to some sharp questioning by a Congressional committee. It was brought out that some money went to the purchase of a coal mine that failed and that Mr. Eaton had employed interest-free use of part of the money. The quid pro quo for Mr. Lewis was unization of that and other mines.

Ultimately, with another friend, Robert R. Young, a railroad magnate, Mr. Eaton was able to buy into the Chesapeake & Ohio Railway, then he ventured into mining Kentucky coal and Ohio and Ontario iron. There were also sidings in Great Lakes shipping, pear and the ownership of a billion tons of iron reserves in Quebec. At one time he sat on the boards of 40 corporations, in all of which he had, he said, substantial holdings.

The Kaiser-Frazer Case

In business dealings Mr. Eaton frequently inveigled against Wall Street and Eastern financial interests. With these he dealt at arms' length through his Cleveland-based investment house, Otis & Co. The concern, in which Mr. Eaton was a stockholder, was involved in 1948 in breaking an agreement to underwrite stock of the Kaiser-Frazer Corporation.

Although it is highly unusual for an underwriter to walk out, Mr. Eaton ordered the step. In justification afterward, he contended that Kaiser-Frazer had misrepresented its earnings and that Otis would have been subject to civil and criminal risks if he had delivered Kaiser-Frazer securities to investors. The case went through the courts, ending in 1952 with a ruling by the United States Court of Appeals that vindicated Otis and Mr. Eaton.

At his death Mr. Eaton was chairman of the board and director of the Chesapeake & Ohio, the Detroit Steel Corporation and Deep Rock Iron Mines, Ltd. and a director of the Baltimore & Ohio Railroad, the Cleveland-Cliffs Iron Company, the Kansas City Power & Light Company and the Sherwin-Williams Company. He was also owner and operator of Acadia Farms and Deep Cove Farms, the latter in Upper Blandford, Nova Scotia.

The Nova Scotia farm, a 560-acre spread on Mahone Bay, was a summer home. Mr. Eaton raised prized cattle there, and he took an interest in the province's economic development. Through his late 80's he liked to walk about his domain with the aid of a cane and talk to his cattle, many of which he knew by name.

After Puywash, Public Notice

With the advent of the atomic age Mr. Eaton grew deeply concerned over the world's future, and in a step to bringing together scholars and intellectuals from diverse countries for frank discussion he turned his Puywash home into a "thinkers' lodge" for them.

As one consequence of the publicity that came from the Puywash conferences, he was interviewed on television in 1958 by Mike Wallace of CBS. During the program Mr. Eaton criticized the F. B. I., calling it "one of the scrotes of agencies in the United States engaged in investigating, in snooping, informing, in creeping

up on people. He was indignantly subpoenaed by the House Committee on Un-American Activities to explain himself, but the subpoena was never served and the flurry died down.

Another consequence was Mr. Eaton's first visit to the Soviet Union as a guest of the Soviet Government. There followed many visits, in all of which he conferred at length with the Soviet leaders. One result of the first meeting was an invitation to Mr. Khrushchev to visit the United States. Mr. Eaton's meetings with Mr. Khrushchev, especially an informal one that took place in Paris in 1960, disturbed some in the United States.

Soviet official visitors to the United States among them Deputy Prime Minister Anastas I. Mikoyan, often called on Mr. Eaton at his farm. Since 1955 Mr. Eaton sent some of his prize cattle to Soviet farms, and in recognition of this the Soviet Government gave him a trolka, a three-horse-team, that he exhibited frequently.

Cattle Sold to Russians

Companies in which Mr. Eaton was associated sold products in Eastern Europe, and Mr. Eaton, in his role as a farmer, sold breeding cattle to the Soviet Union—for cash. Members of his family, in association with Kockefeller interests, built hotels in Prague, Budapest, Bucharest and Warsaw, the financing being arranged through a Swiss subsidiary.

A spokesman for the family said yesterday that Mr. Eaton, who had been in poor health for some time, died at 9:05 P.M. Wednesday. His second wife, the former Anne Kinder Jones, was with him.

A private family service is to be held later at Deep Cove Farms, where he will be buried.

The family delayed announcing his death until a son, Cyrus S. Eaton Jr., who was traveling in China, could be notified. Surviving Mr. Eaton, in addition to his wife and son Cyrus Jr., are another son, Dr. MacPherson Eaton of Wolisville, Nova Scotia; three daughters, Mary Eaton Le Fevre of Cleveland; Anna B. Eaton Hume of Nova Scotia; and Farlee Eaton Hume of Nova Scotia; a stepdaughter, Alice Jones Gulick; a sister, Alice Eaton Woodworth of Palm Beach; 15 grandchildren, among them Fox Butterfield of The New York Times, and 10 great-grandchildren.

Mr. Eaton's first wife was Margaret House, from whom he was divorced in 1934 after 27 years of marriage and seven children, two of whom are dead. He married Anne Kinder Jones in 1937, when he was 54 and she 35. A former teacher, she had been confined to a wheelchair with poliomyelitis since 1946, but she traveled everywhere with her husband.

Mr. Eaton, active in educational and civic affairs, was a trustee of the University of Chicago, Denison University and the Harry S. Truman Library. He was co-founder and trustee of the Cleveland Museum of Natural History and a member of the American Council of Learned Societies, the American Historical Association, the American Philosophical Association, and the American Academy of Political and Social Sciences. He was also a fellow of the American Academy of Arts and Sciences.



Cyrus S. Eaton Sr. in his office in Terminal Tower, Cleveland, in 1973

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