Retail Nation

Department Stores and
the Making of Modern Canada

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UBCPress · Vancouver · Toronto

Millions in merchandise. Cheapness unmeasured.
They bring happiness.

– Simpson's Department Store, 1896

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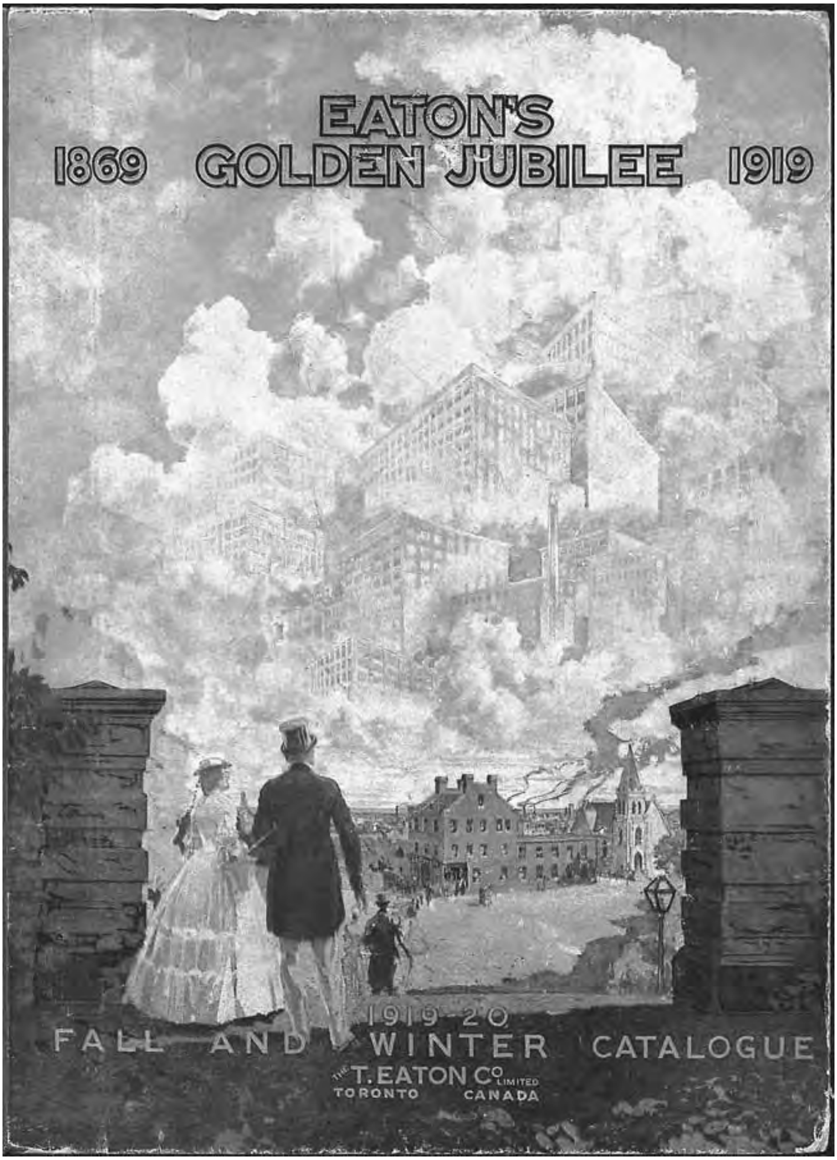

Figure 0.1 "Dreams That Have Come True" (cover of Eaton's 1919-20 Fall and Winter Catalogue) | Used with permission of Sears Canada Inc.

Introduction
Canadian Consumer Society

This is emphatically an age of PROGRESS. The golden age is before us, not behind, and those who're unwilling to keep up with the procession will have the decency to STAND ASIDE.

– Eaton's advertisement, 1892

The cover of the Eaton's Fall and Winter Catalogue of 1919-20 was a sight to behold (Figure 0.1). Titled "Dreams That Have Come True," it represented symbolically the modernization that had occurred between 1869, the year Eaton's was founded, and 1919, Eaton's fiftieth anniversary. It proclaimed loudly that progress had been made. Yet what kind of progress? During the first decades of the twentieth century, the types of buildings depicted in the clouds (sites of commerce, industry, retail, and government) were common to all of Canada's urbanizing areas, but only in Montréal and Toronto were they present in large numbers. The cover thus suggests that readers should be pleased with the growth of capitalism, industry, merchandising, and the state, and that they should be happy these institutions made their homes in southern Québec and Ontario. Even more central to "Dreams" is the idea of the progressive nature of retail. One of the largest stores in the British Commonwealth, Eaton's was Canada's biggest retailer. Bringing the wares of progress to the corners of the dominion, it brought Canadians into modernity.

Between the 1880s and the 1920s, the growth of cities, industry, the state, and capitalism transformed Canada into a modern nation. Historians have paid substantial attention to some aspects of modernization, especially urbanization, industrialization, and the expansion of the federal government. Still underexplored, though, are the ways mass merchandising changed Canadian life during this time. Canada is today saturated with advertising and commodities, but the emergence of mass consumer capitalism, and the consequences this would have, have yet to be fully examined. This book brings the history of Canadian consumer society to the centre stage by investigating Canadians' relationships with Canada's largest department stores. Between 1890 and 1940, Eaton's, Simpson's, and the Hudson's Bay Company (HBC) became Canada's biggest retailers. The pages that follow look closely at their activities. They also touch on the histories of such major regional stores as Woodward's and Spencer's in British Columbia and Morgan's and the Dupuis Frères in Québec. Department stores were not the first retailers to utilize modern merchandising methods, but they were the first to employ them to reap unprecedented profits. All the big stores experimented successfully with aggressive capitalist accumulation, bureaucratization, the employment of women, the creation of feminine consumer spaces, bulk buying, and low prices. These characteristics made them symbols of Canadian modernity, as did the stores' assertions that their goods and services would enhance democratic life, strengthen the Canadian nation, and create citizen fulfillment.

The study of department stores offers particularly insightful pathways into modern consumer society because the stores were active in all three realms of the marketplace, namely, production, distribution, and consumption. They purchased manufactured goods, they processed their own commodities, they advertised and sold merchandise and services, and they organized shopping according to modern innovations. By examining department stores' activities in production, distribution, and consumption, historians can gain new perspectives on separate developments within these realms, as well as pinpoint the effects of the commodity's movement among them. They can gain insight into the experiences of people who produced commodities, sold commodities, bought commodities, and criticized mass retail. And, as it highlights employees', consumers', and critics' thoughts and actions, department store research can illuminate how Canadians worked and lived through the rise of modern consumerism.

An enduring debate exists within consumer historiography. Is consumption evidence of manipulation? Are consumers tricked by advertisers into buying ever increasing numbers of useless commodities? Or is consumption evidence of liberation, in that individuals can choose freely from a range of different commodities, using them to enhance their well-being and express their identity? Consumer historians generally agree that the origins of this debate can be traced to mid-twentieth-century arguments about what leftists referred to as the false needs of consumer capitalism. According to some writers, commodities lulled citizens into complacency. Most famously, Theodor Adorno and Max Horkheimer (1944) argued that consumption was a tool of "mass deception," wielded by capitalists consolidating their reigns. Variations of the consumerism-as-manipulation theory dominated critical thought on capitalism throughout the 1960s, even appearing in Betty Friedan's famed *The Feminine Mystique* (1963), whose major premise was that advertisers tricked women into believing their proper role was happy consumers of domestic goods.[1]

Portrayals of consumers as dupes produced a major backlash in the 1970s. As early as 1971, as Canadian historians Cynthia Wright and Joy Parr both note, American feminist Ellen Willis argued that women's consumer activities were not unconscious manipulation, but conscious labour. "One of a woman's jobs in this society," Willis wrote, "is to be an attractive sexual object, and clothes and makeup are tools of the trade." According to Willis, women's purchasing of domestic goods was one of their household responsibilities, and most assuredly work as well.[2] By the early 1980s, some cultural theorists were arguing that consumers did not necessarily use goods in ways that advertisers intended; in their efforts to express their individuality or group identity, consumers could use commodities to make, as Parr puts it in her analysis of research on youth cultures in Margaret Thatcher's England, "fabulous and carnivalesque recuperations for their own purposes." In the 1980s and 1990s, scholarly interest in consumer motivation exploded. By the end of the twentieth century, researchers who wished to understand more about how and when Western consumerism emerged, why people consume, and how they express themselves through consumption had a wide range of works to consult, of which the most compelling remain those by American authors Susan Porter Benson, Kathy Peiss, and Nan Enstad.[3]

In their quest to understand consumers' motivations, as well as to rescue consumers from the condescension of intellectual theorists and cultural critics, none of the historians of the 1980s and 1990s depicted consumption as completely liberating. The best studies acknowledged that race, class, and gender limited the social power that any one consumer could wield. In spite of a late-twentieth-century nod to the limitations of consumerism, however, at the turn of the twenty-first century scholars started calling for a move beyond the manipulation-liberation debate. Erika Rappaport argues that views of the consumer as passive "cast the consumer as a feminized victim of masculine (economic) aggression." And yet the "celebratory view of consumption ... adopts entrepreneurial narratives about freedom in the marketplace that have been prevalent both in the nineteenth and the twentieth centuries." Rappaport illustrates an alternative approach to consumer history in *Shopping for Pleasure,* in which she shows that business and consumers together turned London's West End into a premiere shopping district at the end of the nineteenth century.[4]

Other publications also chart new paths. Using what Joy Parr terms a "third, less dichotomous" method,[5] these works suggest through their own rich examples that consumer society should be portrayed not in a one-sided manner that stresses either capitalism's hegemony or consumers' agency, but as a multifaceted phenomenon that involves a range of historical agents. Among the most sophisticated of these studies are Parr's *Domestic Goods* (1999), Lizabeth Cohen's *A Consumer's Republic* (2003), and Victoria de Grazia's *Irresistible Empire* (2005). Together, their research demonstrates that consumer society unfolded after the Second World War as a complex interplay among business, the state, and consumers, with various other groups such as lobbyists and product designers intervening. Borrowing a phrase from Foucault, de Grazia aptly describes this method as "cutting across societies on the diagonal."[6] This technique avoids simplistic depictions of consumers as either passive or liberated and allows for explorations of the historical agents involved in consumer capitalism. It further illuminates power relations among those groups.[7]

Their authors might not explicitly state that they take this third, multifaceted approach, but recent Canadian books can also be viewed in these terms. Karen Dubinsky's *The Second Greatest Disappointment* (1999), Valerie Korinek's *Roughing It in the Suburbs* (2000), Craig Heron's *Booze* (2003), Suzanne Morton's *At Odds* (2003), Jarrett Rudy's *The Freedom to Smoke* (2005), and Steve Penfold's *The Donut* (2008) all focus on the history of a particular industry or commodity – Niagara Falls, gambling, *Chatelaine* magazine, alcohol, tobacco, and donuts, respectively – and explore it over a specific time period. These publications document the beliefs and actions of past distributors and consumers, and some examine the power dynamics of distributor-consumer interactions. Parr's *Domestic Goods* (1999), which consciously applies this new, third approach, offers the most sustained exploration of government policy on consumption. Putting domestic goods consumption in broader political, economic, and cultural context, she shows that production, distribution, and consumption are mutually dependent.[8]

It is in this spirit of complexity that this book is situated. Instead of focusing on a particular commodity-centred industry, though, it explores the rise of mass retail. Between 1890 and 1940, department stores were among the most powerful agents of Canadian modernization. Companies such as Eaton's, Simpson's, and the HBC helped revolutionize the ways Canadians thought about and experienced shopping, living standards, and goods. An examination of these department stores' activities, together with consumers', workers', governments', and critics' responses, yields invaluable insights into the emergence of consumer capitalism in northern North America. This study demonstrates that corporate monopolies wielded a tremendous amount of power in the consumer marketplace, but it also reveals that governments, consumers, retail employees, and anti-retailing activists influenced the direction and character of modern Canadian consumption.

Chapter 1 documents Canada's largest stores' retailing ascendancy and situates it in an international context. Unlike department stores in Great Britain and the United States, between 1890 and 1940 Canadian department stores monopolized the Canadian retailing market. In 1930 alone, just three department stores – Eaton's, Simpson's, and the HBC – earned 14 out of every 100 dollars spent in the country. Yet Canadian department stores did not build their empires through sheer determination alone. As Monod reminds us, "innovations in marketing did not happen without the stimulus of demand."[9] To flesh out why department stores were able to construct such colossal enterprises, this chapter also tracks the changes in demand that occurred in Canada during this period.

An oft-made connection between department stores and Canadian national identity is taken up in Chapter 2, which argues that the voluminous publicity of Eaton's, Simpson's, the HBC, and other department stores forged links between mass retail and Canadian heritage. Eaton's catalogues in particular helped define what it meant to be a citizen of the modern Canadian nation. Showing that department stores' publicity portrayed the stores, their commodities, and their consumers in nationalist, gendered, racialized, and classed forms, this chapter reveals that department stores defined modern Canadian life as consumerist, middle class, and white.

Chapter 3 investigates department stores' strategies of customer and labour management and finds that retailers used paternalism to manage relations in both these realms, bringing both the best and worst of paternalism into the twentieth century. Canadian department stores' particular brand of paternalism entailed treating customers and employees benevolently when possible, but strictly when necessary. This meant that shoppers and staff at times received unprecedented attention and care from the big stores. Yet it also meant that when department stores decided to flex their authoritative muscles, customers and staff both felt the consequences. In particular, department stores' assumptions of masculine authority over female customers and staff, white superiority over non-white customers, and managerial power over employees created an oppressive retail environment for women, visible minorities, and wage earners.

Chapter 4 explores another aspect of department stores' labour strategy, demonstrating that image making and consumerism were central features of employment in the big stores. In their efforts to sell goods, department stores commodified their workers; that is, they turned their employees into advertisements. Making over such staff activities as sports tournaments and drama performances into public relations stunts, they marketed employees' bodies and activities. Department stores incorporated what they portrayed as employees' wholesome appearance and submissive behaviour into their advertising, and they turned sales floor transactions into carefully orchestrated selling pitches that extracted value from employees' bodies, gestures, and speech. In these ways and more they commodified employees' beings.

Chapter 5 inquires into female customers' perceptions of Canada's largest retailers. Since department stores would never have achieved market dominance without female consumers' support, this chapter asks why women chose to patronize the giant retailers and how they experienced shopping. By arguing that women's consumer activities must be understood in relation to their historical position as homemakers in the gendered division of labour, this chapter reveals that thousands of Canadian women became department stores' customers for reasons of both labour and leisure. Whereas some women enjoyed their shopping experiences, others viewed them as inefficient and irritating. Further, because of department stores' paternalist, bourgeois, and Eurocentric paradigms, some women experienced shopping as alienating.

Chapter 6 examines another group of women central to mass retail: female employees. Department stores were major agents of the twentieth-century feminization of retail labour, employing women much earlier than other retailers. By the interwar years, female staff made up more than half the total Canadian department store labour force. This chapter considers the age, marital status, class, race, and ethnic backgrounds of female department store employees; their reasons for seeking jobs in the big stores; their wages, hours, and working conditions; and their attempts to make their occupations fulfilling. It finds that Canadian retail employees have a complex history of oppression, resistance, conviviality, and solidarity.

Whereas the first six chapters explore the inner worlds created by Eaton's, Simpson's, the HBC, and other stores, the last chapter steps outside these bounds to examine critics' responses to mass retail. Small retailers, labour leaders, co-operators, and social reformers all took issue with the big stores. Their concerns differed, but they agreed that department stores endangered the purity and future of white Canadian women. Yet despite their ongoing actions, the critics never significantly restrained the big stores. Two factors, this chapter suggests, prevented them from doing so. The first was the critics' failure to adequately address consumer demand for convenience, selection, service, quality, and affordability. The second was their inability to convince the state to take serious action against the big stores.

For the sake of precision, a few explanations of terms are in order. The history of the words "consume" and "commodity" is rooted in the rise of capitalism, and these terms are used herein specifically within the context of capitalist economic activity. According to the *Oxford English Dictionary,* prior to the 1400s "consume" and "commodity" had no economic connotations. The former meant "devouring" and "decay" while the latter meant "that which is convenient" and "that which is useful." Only in the fifteenth century did English writers begin using "commodity" to denote "material advantages" and "wealth." In the 1500s, writers began to use "consume" to describe the acquisition, use, and destruction of commodities. Then, in the 1600s, philosophers began employing the word "consumption" to discuss the "utilization of the products of industry." Over the next two centuries, "consume" and "commodity" would take on their contemporary economic meanings. The binary opposite of "produce," "consume" now connotes the demand side of capitalism. A commodity is a good, service, or other entity that is produced, distributed, and sold in the capitalist marketplace.[10]

In this book, "consume" refers solely to activities associated with the pursuit, purchase, and use of commodities, which are themselves defined in the following pages as objects, services, and other entities that are bought and sold through capitalist means. The word "consumer" denotes an individual who is pursuing, purchasing, or using commodities. The term "consumerism" indicates a social, cultural, and economic predisposition toward consumer activity, and the phrase "consumer society" refers to a society in which much social, cultural, and economic activity is oriented around consumer activity. A consumer culture is one predisposed to consumerism, and "consumption," finally, refers to the process whereby commodities are pursued, purchased, and used.

The emergence of consumer society throughout Canada as viewed through the lens of mass retail is a large subject. This book aims to be as comprehensive as possible, but it does not cover the entire fields of Canadian retail and consumer history. Future investigators are encouraged to conduct further analyses into this area, and they are particularly urged to inquire more deeply into the history of retail and consumerism in French Canada. Canada's largest department stores – Eaton's, Simpson's, and the HBC – were owned and managed by anglophones, and though they served customers of varying ethnic and linguistic backgrounds, their primary language was English. This book investigates constructions of English Canadian forms of retail and consumerism, and in doing so it attends to Canada's largest retailers' essentialization of English Canadian culture as quintessential Canadian culture. The book also explores the oft-discriminatory treatment by department stores of French Canadians, touches on the history of Canada's largest francophone store, the Dupuis Frères, and offers insights into French Canadians' perceptions of anglophone retail. French Canadians' interactions with francophone stores and French Canadians' relationship with commodity culture, however, receive less attention. To gain a fuller understanding of mass retail and consumer history in northern North America, it is imperative that further investigations into these topics be conducted.[11]

Researchers might also explore the relation of masculinity to retail. By catering more often to women than to men, and by employing more women than men, department stores between 1890 and 1940 played a tremendous role in the creation of feminine shopping and wage-earning roles in twentieth-century Canada. Since they scaffolded their operations upon the notion that men were superior to women, department stores also perpetuated patriarchal gender hierarchies and contributed to the economic marginalization of women. For these reasons, and because Canadian women's economic history remains underexplored, this book focuses more on department stores' construction of femininity, as well as upon female shoppers and workers, than it does on masculinity and male shoppers and workers. Those curious about the latter topics would do well to conduct their own investigations. Provided that such research begins with an awareness of male privilege, it has the potential to offer further insights into Canadian retail and consumer history.

What this book does do is show how and why mass retail and consumerism emerged in Canada between 1890 and 1940. It demonstrates particularly that the rise of modern Canadian consumer society was a complex historical event involving the beliefs and actions of five major social groups: retailers, governments, consumers, wage earners, and anti-retail activists. Department stores' introduction of new merchandising methods lowered consumer prices, increased commodity availability, made available new retail services, and helped make shopping a national pastime. Federal, provincial, and municipal governments largely let department stores do as they pleased, though they did occasionally implement tax, employment, and other laws in response to various critics' concerns. Consumers, too, played a role in the rise of mass retail and Canadian consumer society, for without their purchasing support and consumer activities, mass retailers would not have survived. Workers were influential as well, for not only did they provide the labour necessary for the emergence of mass retail and consumer capitalism but their workplace actions also affected stores' and shoppers' decisions. Finally, the beliefs and actions of critics were important. Concerns about department stores' merchandising and employment policies influenced department stores' advertising and labour strategies; they also triggered governmental interventions, albeit minor ones, into certain realms of retail and consumption.

Retailers, governments, consumers, workers, and critics together shaped the character and trajectory of twentieth-century Canadian consumer society, but they did not do so equally. Most Canadian federal and provincial governments between 1890 and 1940 assumed that *laissez faire* economic policy, or the belief that the marketplace functioned best when left unregulated, was the best path toward happiness, wealth, and stability. For this reason, Eaton's, the HBC, Simpson's, Morgan's, the Dupuis Frères, Woodward's, and Spencer's enjoyed much freedom in their building of stores, employment of workers, and selling of commodities. Labour unions, small businesses, and feminist groups occasionally convinced governments to legislate reforms, but such changes were usually piecemeal and of limited consequence. Hierarchies of race, gender, and class also contributed to unequal relations among stores, customers, and employees. Between 1890 and 1940, Canada's largest retailers supported the assumption that bourgeois Anglo-Celtic men were superior to workers, non-Anglo-Celtics, and women. Consequently, working-class, non-Anglo-Celtic, and female customers, as well as non-managerial, non-Anglo-Celtic, and female employees experienced racial, ethnic, class, and gender discrimination at Canada's largest stores. This did not mean, however, that they did not engage in individual and collective actions against Canada's giant shops. As the following pages reveal, critics, shoppers, and wage earners from a range of racial, ethnic, and class backgrounds all over the country worked hard between 1890 and 1940 to make mass retail a more democractic, enjoyable, and accountable method of commodity distribution.

1
Rise of Mass Retail

In the beginning there was Timothy Eaton.

– *Cover of* Financial Post *magazine, 1978*

The department store, Margot Finn observes, has "gained an almost totemic status as the quintessential symbol of Victorian modernity." Tired of a growing body of literature that portrays retail as "instrumental to Victorian women's liberation from the domestic circle," she welcomes approaches to modernity that investigate pre-Victorian contexts.[1] Finn is not the only scholar to criticize department stores' association with modernity. Claire Walsh states that department stores' supposedly innovative marketing techniques were evident in Britain "throughout the eighteenth century."[2] This skepticism tempers department stores' declarations of their own importance, but it also minimizes their historical significance. Department stores were the first mass retailers to appear on the world's stage. In every country they appeared, they were the most visible manifestation of retail's transition from local economies to international economies. Between 1890 and 1940, department stores were also the earth's largest stores. Their buildings were massive, their advertisements encompassing, their services extensive, their displays breathtaking, their prices low, and their assortments vast. Department stores did not invent modern retail, but their size and success did make them harbingers of modern consumerism.

International department store historians have directed most of their attention to Europe and the United States. Canada, however, was home to some of the world's biggest stores. After the T. Eaton Company of Toronto became a department store in 1890, it went on to become the world's eighth largest retailer by 1940. Unlike American stores, which rarely ventured into mail order or established branches, Canadian companies experimented widely with both. By the Great Depression, Eaton's had forty-seven retail stores and one hundred mail order offices. Its main competitors, Simpson's and the Hudson's Bay Company (HBC), also operated branches and catalogues. In 1929, these three major companies pulled in 70 percent of national department store sales. In contrast, it took seventeen American department stores that same year to realize 34 percent of their nation's department store business. Canada's three major department stores also differed from their European and American counterparts in that they sold not only to the bourgeoisie but also to the *petit bourgeois,* working-class, and agricultural populations. Canadian department stores' regional and class diversity enabled them to capture larger proportions of national retail markets than did department stores in France, the United States, and the United Kingdom.[3]

At the same time, Canada's largest stores did share important characteristics with their global counterparts. Eaton's, Simpson's, the HBC, and Canada's smaller department stores emerged as part of an international transformation of commodity distribution that had its beginnings in the middle of the nineteenth century. Prior to this period, the majority of the earth's population obtained goods by trading and bartering, in many cases at small locally managed stalls and shops. By 1920, however, in several industrializing countries, modern merchandising methods coexisted with older distribution practices. Marked prices, packaged merchandise, a precise arrangement of stock, the encouragement of browsing, and the offering of goods acquired in distant markets characterized these modern methods, as did increased retail specialization. Throughout the industrializing world, shops selling particular lines of goods, such as clothing, pharmaceuticals, and dry goods, became more common. General stores, such as those that dotted rural North America, also offered modern merchandising techniques.

Distribution's modernization was most visible in the department stores that were springing up in North America, Australasia, Japan, and Europe. Distinct from all other forms of retailing, these new retailers sold multiple merchandise lines. At all times these lines included clothing, draperies, "furniture, floor coverings and home furnishings," as Canada's 1931 census put it.[4] Department stores' size, appearance, services, and location further set them apart. Generally employing more than one hundred staff members over several floors, department stores were famous for their multistoried architectural beauty; their lavish interiors; their range of services, including refunds and restaurants; and their metropolitan downtown locations. By the Great Depression, department stores were present in Argentina, Brazil, Mexico, the United States, Canada, Great Britain, France, Switzerland, Germany, Belgium, Italy, Egypt, New Zealand, Australia, Malaya, China, Korea, and Japan. The Soviet Union, too, had department stores, though unlike those in capitalist nations, they were owned and operated by the state.[5]

Offering detailed comparisons between Canadian department stores and department stores elsewhere, this chapter situates the rise of Canadian mass retail within the international context. Paying attention to department stores' merchandising techniques, business operations, employment figures, branch store openings, and sales totals, it offers the most comprehensive account yet published on the history of Canadian mass retail between 1850 and 1940. It explores a range of data pertaining not only to Eaton's, the most famous retailer in Canadian history, but also to such less studied enterprises as Simpson's, the HBC, Woodward's, Spencer's, Morgan's, the Dupuis Frères, and many smaller department stores. It reveals that although department stores sprang up throughout the country during the late nineteenth century, two Toronto firms – Eaton's and Simpson's – dominated Canada's national retail market. Their low prices, services, merchandise selection, catalogue operations, and branch stores enabled them to remain at the top of Canadian retail well into the 1950s, when shifting consumer preferences and increasing competition brought to a close the decades-long reign not only of Canada's largest department stores but also of many in England, France, Australia, and the United States.

Beginnings: 1800s to 1870s

Mass retail did not exist in British North America (BNA) prior to Canadian Confederation. Instead, during the first half of the nineteenth century, most of the colony's three million inhabitants obtained their goods and services by trading and bartering in small, local markets. In rural areas, where the vast majority of the population lived, people brought furs, flour, dairy products, fish, livestock, poultry, garden produce, and homespun textiles to trading posts and general stores, where they traded these items for other goods. Trading posts located west of Lake Superior were owned by the Northwest Company and the Hudson's Bay Company (exclusively by the HBC after 1821); general stores were scattered throughout the colony and owned by merchants as well as by local mining, mill, lumber, and other primary and secondary resource companies. Trading posts tended to accept furs and related products in exchange for food, furniture, guns, and other items necessary for life on the frontier. Merchant-owned general stores accepted a combination of goods, credit, and cash in exchange for their products. Company stores paid their workers in truck. Instead of paying their employees wages that they could spend where they pleased, they gave them scrip that they could only spend at their employers' store, where products tended to be overpriced.

In pre-Confederation Canada's towns and cities, of which the largest was Montréal, which had a population of 57,000 in 1851, general stores and more specialized shops existed. Some of these latter enterprises were owned and managed by artisans, including tailors, dressmakers, cobblers, cabinetmakers, jewellers, and blacksmiths. Others were owned by merchants who tended to carry specific lines of merchandise, such as dry goods, haberdashery, and medications. Montréal had a large cluster of specialty shops along its waterfront, a common site of market activity during the pre-railway years. Like the country general stores, urban specialty shops were family-owned and managed. Only the largest employed outside help; such workers never numbered more than five, and they tended to hold the positions of clerks and apprentices. The position of clerk was fairly prestigious and offered some opportunity, however slim, for advancement into bookkeeping or shopkeeping. The position of apprentice was less prestigious, generally reserved for young boys whose parents wished them to become shopkeepers. Apprentices received room, board, and training, but little or no pay.[6]

Whether they were rural or urban, most of the people who lived in northern North America during the first half of the nineteenth century earned, produced, traded, and used what they could, but they did not amass significant commodities or wealth. Their predominantly rural locations and limited budgets, however, did not preclude an awareness of the variety of goods and services available both domestically and internationally. Trading posts, general stores, company stores, and urban specialty shops offered goods produced in pre-Confederation Canada as well as in the United States and western Europe. Small colonial shops placed notices in local newspapers to inform readers of "newly arrived goods" from elsewhere. Affluent colonials, as well, tended to own more goods than their poorer counterparts; the clothing, houses, and other possessions of the wealthy would have acquainted the less privileged with the vast assortment of commodities beyond the reach of the majority of pre-Confederation

Canada's population. Québec's male professionals, including lawyers and doctors, invested heavily in fashion, spending "a greater proportion of their income (some 20 percent) on attire than any other class," as Jan Noel writes.[7] Rural British North Americans, too, were aware of material trends beyond their local communities. Early-nineteenth-century immigrants from France and Britain brought with them items produced by industrial methods, including dishes, cutlery, furniture and, increasingly, ready-made clothes. Some western European immigrants also brought above-subsistence expectations of quantity and quality. Susannah Moodie's journals, written in rural Ontario during the 1830s, bemoaned the lack of amenities in the region. From a middle-class English family, Moodie was accustomed to larger homes and more commodious surroundings. British immigrant Mary Moody, who lived in rural British Columbia between 1859 and 1863, also experienced settler life as deprivation, writing to her parents to see if they could ship to her some "children's furnishings and sewing notions." She also asked her English friends who planned to immigrate to the colony to bring out ready-made dresses.[8] Such complaints and entreaties indicate an awareness among arrivals about differences between northern North American living conditions and living conditions elsewhere; they also demonstrate that as British immigration to Canada increased in the nineteenth century, middle-class English settlers became determined to replicate the levels of material comfort they left behind.

Prior to the mid-nineteenth century in western Europe, living standards were indeed changing, at least among the bourgeoisie. During the eighteenth century, credit emerged, advertising grew, imperialism enriched the bourgeoisie, and such imports as coffee, sugar, and tea became staples in the diets of the affluent. As wealthy Europeans increased their expectations for material comfort, Europe's manufacturing output also increased, as did commodity assortment. Growing materialist expectations encouraged subtle transformations in goods distribution. Before the 1830s, shops in major European cities sold specialized merchandise, practised bartering, sold exclusively on credit, and had limited stock turnover, high overheads, and high prices. After the 1830s, though, some shops began to change their practices. Advertising became more frequent, and shops began to promote browsing, one-price ticketing, and cash sales. In 1840s Paris, which reached a population of one million in 1846, merchants also began experimenting with a broader assortment of stock. *Magasins de nouveautés,* which sold both fancy goods and heavy bolts of cloth, challenged older conventions by combining two forms of goods in one store. They also began increasing their stock turnover by lowering their markups and offering frequent sales. Urban shops of this period did not specifically target working-class customers, but their new strategies indicated their response to changing shopping practices. Customers were becoming more inclined to browse and compare items and prices, to pay anonymously with cash, and to seek broad assortments of merchandise.[9]

The American retail landscape was also transformed during this period. Prior to 1850, America's country and small-town stores resembled those of BNA. They were small, had limited stock and turnover, practised bartering and trading, and operated almost exclusively on credit. As in BNA and western Europe, America's cities offered both general stores and specialty shops, the latter of which were either owned by craftspeople or by merchants who specialized in narrow merchandise lines. In New York, however, new kinds of stores were developing. With a rapidly growing population that reached 516,000 in 1850 and 814,000 in 1860, New York was the largest city in North America and had the capacity to support large shops. In 1846, merchant A.T. Stewart razed his sprawling emporium to the ground and in its place erected a massive multi-levelled shop called the Marble Palace. Like the Parisian magasins de nouveautés, Stewart's new store offered low markups, frequent stock turnover, free browsing, cash sales, and one-price ticketing. Also like its French counterparts, it was primarily a dry goods store, selling deep lines of fancy goods, drapery, and furniture. Stewart's enterprise reigned over New York City until the 1870s, when increased competition, combined with Stewart's own managerial difficulties, set the firm on a long decline that ended with its sale to retail giant John Wanamaker in 1896.[10]

During the 1860s and 1870s, retail in France and the United States underwent further changes. As the productive capacity of each nation increased, manufacturers hired jobbers to sell larger and larger orders to wholesalers and retailers, often at unprecedented low prices. Merchants with sufficient capital reserves took advantage of these bargains to increase both their sales volume and their share of the consumer market. Such merchants were most often those who had in the preceding decade experimented successfully with what was becoming known as modern merchandising methods. These included the holding of frequent sales in order to generate stock turnover and to achieve greater sales volumes, the provision of one-price ticketing to ensure predictable returns, the encouragement of cash sales to create capital internally, and the promotion of free entry browsing to stimulate customers' desires and to increase shopping traffic. Some also began pricing their merchandise at rates lower than those of their competitors. So profitable did the combination of high turnover, low and predictable prices, free browsing, and cash sales become that a few began to accumulate sums of capital hitherto unseen in retail.

It was at this time that the department store was born. Recognizing the profitability of predictable and ever-increasing sales volumes, enterprising storekeepers such as Aristide Boucicaut in Paris, R.H. Macy in New York, John Wanamaker in Philadelphia, and Marshall Field in Chicago began to consciously pursue a policy of growth and diversification. By constantly enlarging and diversifying their stock, they were able to secure favourable rates from manufacturers and wholesalers; they were also able to avoid having their livelihoods dependent on the relative success of one kind of merchandise. As their merchandise offerings and lines grew, they began separating their stock into departments that were organized according to merchandise lines. Each department was then assigned its own sales and clerical staff. Departments such as millinery, dressmaking, and furniture also frequently boasted their own craftspeople. When department store owners' existing buildings became too cramped, they purchased surrounding properties and added piecemeal expansions to their existing structures. When they accumulated sufficient capital, they then demolished their ad hoc assemblages and in their place constructed massive multistoried buildings. Using the most modern building materials, ventilation and heating systems, lighting techniques, and decor available, these buildings dominated urban landscapes by sheer virtue of their size and architectural beauty. Boucicaut was the world's first merchant to create such a store: constructed between 1862 and 1870, his Bon Marché had 52,800 square metres of floor space, glass skylights, gallery-style merchandise departments, balconies along the upper floors, and curving staircases. When he died in 1877, Boucicaut had 1,788 employees and was owner of "the largest retail enterprise in the world." America's major department stores appeared slightly later than the Bon Marché; Macy, Wanamaker, and Field built their colossal structures during the 1870s and early 1880s.[11]

Industrialization, with its drastically increased production, was one of the key historical factors that made possible the debut of the department store in France and the United States. Urbanization, an outgrowth of the Industrial Revolution in that it encouraged people to move to cities to take up industrial and, increasingly, white collar jobs, was also key. The Bon Marché, Macy's, Wanamaker's, and Marshall Field's appeared in cities that had well over one thousand residents; cities of smaller populations simply did not have enough people to sustain large multi-storied shops. Other significant factors were changes in transportation. Streetcars enabled shoppers to travel from outlying areas to urban downtown centres, and cross-country railways enabled both people and goods to move more quickly across greater and greater distances. Steamships enabled merchants, shoppers, and goods to cross oceans. Finally, changes in purchasing power and demand were important factors. Merchants could enlarge their premises, lower their prices, diversify their stock, encourage browsing, and introduce one-price policies, but they could not guarantee their sales returns. That function was performed solely by shoppers, whose consumer expectations began to increase steadily, not only in France and the United States but also in other industrializing countries around the world.[12]

In contrast to the rapid emergence of mass retailing in France and the United States during the 1860s and 1870s, Canada's merchandising environment continued to be characterized by an abundance of small shops that offered a mixture of credit, cash, trade, and in some cases truck to their customers. Changes, however, were afoot. Railway construction began in BNA at mid-century, and by 1859 the Grand Trunk Railway enabled people and goods to travel between Québec City and Sarnia. It also linked the Canadas with Chicago, a major industrial hub. Construction continued through the next three decades, and by 1885 it was possible for goods and people to travel from Canada's Atlantic coast to its Pacific coast entirely by rail. Industrialization also increased during this period, as did the populations of major industrial centres. By 1871, the population of Hamilton was 27,000, Saint John was 28,800, Halifax was 29,000, Toronto was 59,000 and Montréal was 115,000. Other major cities at this time included Québec City, with a population of 60,000, and Ottawa, with a population of 24,000.[13] In response to both the increasing availability of goods and their cities' growing populations, such enterprising merchants as Henry Morgan in Montréal, Timothy Eaton in Toronto, and Robert Simpson in Toronto began enlarging their operations. Morgan's had opened in 1843 and by the 1870s was Canada's biggest store. In 1874 its Scottish-born owner had 150 employees in several departments selling "dry-goods, apparel, and accessories."[14] Eaton's Toronto shop opened as a dry goods store in 1869; by 1875 the Irish-born Eaton had nineteen employees and was selling the same type of merchandise as his Montréal counterpart. Scottish-born merchant Robert Simpson established a dry goods store in Toronto in 1871. By 1880 he had thirteen employees. Since all three stores sold primarily dry goods merchandise, they were not yet department stores. Yet their inclination to use modern retail methods, including cash-only policies and one-price ticketing, marked them as innovative, as did their owners' determination, especially strong in Timothy Eaton, to buy direct from European manufacturers and thus to pocket for themselves Canadian wholesalers' profits. The stores' ongoing expansion further set them apart, as many of their competitors continued to operate as small shops in which only family members laboured.[15]

Years of Growth: 1880s and 1890s

In the last two decades of the nineteenth century, France and the United States remained home to the world's largest and most elaborate department stores, but at this time department stores also debuted in Britain, Germany, Switzerland, and Canada.[16] In Calgary in 1886, American investors William Charles Conrad and I.G. Baker built one of Canada's first department stores. Two storeys high, the building was 30 feet across and 100 feet long. With merchandise ranging from groceries to carpets to clothing, it offered goods purchased in "Toronto, Montréal, Chicago, and New York City" and served not only Calgary, which had a population of 3,867 in 1891, but also the surrounding agricultural area.[17] Toronto and Montréal's stores were larger than Baker's, but they did not achieve the same level of diversification until the 1890s. During the early 1880s, Robert Simpson and Timothy Eaton each moved locations, buying up properties in the emerging shopping district of Yonge Street in downtown Toronto, razing the existing structures, and in 1883 erecting massive multi-storied buildings. In 1886, Eaton's expanded further, bringing the total floor space to more than 50,000 square feet, the number of merchandise departments to thirty-five, and the number of employees to three hundred. With three-storey light wells, a basement section, electric lighting, and elevators, it was Canada's most ambitious shop. In 1884 Timothy Eaton began distributing catalogues, some of them to addresses as far away as Manitoba. He perhaps modelled his approach on that of the Bon Marché, which had been carrying on a successful mail order service since 1871. Closer to home, R.H. Macy had started a catalogue trade in 1861, as had John Wanamaker in 1876. Montgomery Ward, too, was operating a catalogue trade, but not until 1908 did he open a department store. Eaton's was therefore among the first department store catalogues in North America. No doubt also inspired by international examples, in 1883 Timothy Eaton offered in-store lavatories as well as writing rooms and restrooms for women, and in 1887 he built an in-store restaurant and a coffee room. By 1889, Eaton's was realizing $1 million in sales annually. This figure was lower than the Fr123 million the Bon Marché earned annually during this period, lower than Macy's US$5.5 million, and lower than Harrods in London's US$2.4 million. Nonetheless, Eaton's sales were the highest in Canada and indicative of the company's growing stature.[18]

Just as the 1870s and 1880s marked the full-fledged emergence of French and American department stores, so did the 1890s mark the explosion of department stores onto Canada's retailing scene. During this decade the country remained overwhelmingly rural, with 3.3 million inhabitants living in rural areas compared to 1.5 million in cities and large towns. Nevertheless, Eaton's growing catalogue trade made department store shopping possible for people living in remote areas. Enhanced railway travel also made it easier for rural shoppers to reach such metropolitan department stores as Eaton's and Simpson's in Toronto and Morgan's in Montréal. Throughout the country, small and mid-sized department stores began to appear in towns and small cities, further enabling department store buying among rural and urban dwellers alike. On Vancouver Island, Welsh-born merchant David Spencer transformed his Victoria dry goods store, established in 1878, into a full-fledged department store. His new four-storey shop sold "clothing, shoes, furniture, books, china, stoves, drug sundries, kitchenware" and other items to a rapidly growing population, which reached 16,841 in 1891. In Vancouver in 1892, which then had a population of 13,709, Charles Woodward built a three-storey department store. By 1900, this former Ontario merchant was selling groceries, footwear, pharmaceuticals, and dry goods as well as conducting a mail order trade that serviced both British Columbia and Alberta. Albertans could also patronize Power and Brothers' stores, a Montana department store chain that opened in Calgary, Fort Macleod, and Maple Creek during the 1880s and 1890s. In Ontario, department stores appeared in several mid-sized towns, including St. Thomas, where Anderson's department store opened in 1896. In Montréal, two major department stores were created when Morgan's and Murphy's each relocated from their waterfront premises, where they had been expanding throughout the 1880s, to the uptown shopping district along St. Catherine Street. Morgan's, long considered Montréal's retail leader, retained that status with the 1891 opening of its new four-storey shop named Colonial House. With an exterior of red sandstone and an interior that boasted everything from sporting goods to luxury furs, it was Montréal's premier department store (Figure 1.1).

FIGURE 1.1 Morgan's Colonial House Department Store on St. Catherine Street in Montréal, 1891 | *Source:* McCord Museum, Montréal, Digital Image VIEW-2539.1. | Used with permission of the McCord Museum.

On Prince Edward Island, Holman's Department Store was emerging as a significant force. Established in Summerside before Confederation, this largest of PEI retailers underwent major expansion in the late nineteenth century, tearing down its older store and replacing it with a building that, as one newspaper stated, gave Summerside "quite a city appearance." At 134 by 105 feet, the building featured plate glass windows, grandiose staircases, and "ceilings of varnished spruce."[19] St. John's, Newfoundland, also became home to department stores, including Ayre and Sons, Knowling's, and Bowring Brothers, the latter having been established in 1811 as a jewellery store but transforming itself into a department store in the last decade of the twentieth century.[20]

Hudson's Bay Company department stores emerged during this period as well. Established in the seventeenth century as a North American fur-trading venture backed by British financiers, the HBC was in 1670 granted by King Charles II of England exclusive trading rights to the territory containing all the waterways flowing into Hudson Bay. The company's trading chiefs, or factors, acted as imperial governors throughout this massive region, which they called Rupert's Land, and which constituted 40 percent of contemporary Canada. When the Canadian government of the mid-nineteenth century made its interest in Rupert's Land known, the HBC agreed to sell most of it to the emerging Canadian state, retaining for itself small land parcels. The HBC continued operating in western Canada after this 1869 sale, managing trading posts as well as collecting sales and rents from its lands. As white settlement increased in the region, the HBC also began to recognize the growing importance of retail to the area's economy. It continued its fur and land operations, but it diversified into urban merchandising. In 1890, it built a two-storey store in Calgary, and in 1891 it purchased Baker's Fort Macleod, Lethbridge, and Calgary stores. The last of these was the biggest, employing nine workers in 1891. Much smaller than Eaton's or Simpson's Toronto stores, HBC Calgary was nevertheless southern Alberta's most modern store, offering organized departments and clearly ticketed merchandise. So successful was the HBC's Calgary venture that, in 1893, the company transferred its manager to Vancouver, where he oversaw the opening of another small department store. Three storeys high, HBC Vancouver offered a mixture of men's and women's clothing, carpets, and dry goods.[21]

If the 1890s were fortuitous for small and mid-sized Canadian department stores, they were even more so for Canada's largest. By 1893, Simpson's had reached department store status, selling not only apparel and dry goods but also carpets, wallpaper, footwear, stationery, books, food, and dinnerware. In 1894 this five-hundred-employee-strong company followed Eaton's in offering what became a cross-country mail order trade. Two years later, Simpson's became a joint stock company, and when Robert Simpson died in 1897, two prominent Toronto capitalists, J.W. Flavelle and H.H. Fudger, purchased his business. By the close of the century, Simpson's was earning $1.2 million in sales annually. It was the second largest retailer in Canada, surpassed only by Eaton's, which realized $5 million in sales in 1898.[22]

Calling itself "Canada's Greatest Store," Eaton's truly became a department store in the early 1890s. With merchandise as diverse as medication, bicycles, produce, meat, dinnerware, sewing machines, hardware, furniture, toys, paintings, menswear, fancy goods, carpets, women's dresses, and cosmetics, and with 2,475 employees by 1898, the company had earned its self-styled title. In the last few years of the nineteenth century, Eaton's bought property to house its delivery stables; it also acquired two nearby farms so as to supply its restaurants with dairy and eggs. By 1897, the Eaton store was over 326 thousand square feet, and the company's operations, which included manufacturing, sales, and mail order, covered a city block. Like Macy's, Wanamaker's, and Marshall Field's before it, Eaton's opened buying offices in London, Paris, and New York. By 1900, Eaton's was realizing larger annual sales than either Bloomingdale's in New York or Harrods in London. Yet, although Eaton's sales were approaching those of Macy's, which earned US$7.8 million in 1899, they were still lower than those of the Bon Marché, which made Fr123 million in 1906. And Eaton's still earned only half of what Sears, Roebuck, and Company made. Sears, a mail order company that had emerged in 1892, reported US$10 million in 1900 and became one of America's largest retailers. Only Wanamaker's, which had stores in both New York and Philadelphia, might have been bigger, but neither Wanamaker's nor Marshall Field's figures for this period are available.

Eaton's comparatively lower totals should be considered in light of the fact that in 1901 the population of Canada was 5.4 million while that of England and Wales was 32.5 million, and that of France was 40 million. In 1900 the population of the United States was 76.2 million. Alongside these numbers, Eaton's sales figures are significant. Regardless of Canada's small size, its population supported a department store whose sales totals neared, and in a few cases surpassed, the industrializing world's largest retailers. Eaton's comparative sales figures also reveal that Canada's retail market was more monopolistic than its counterparts in England, France, and the United States. Certainly not everyone in Canada patronized Eaton's, but if one considers Canadian spending at Eaton's on a per capita basis, then each Canadian resident spent 93 cents at Eaton's in 1898. In contrast, each American resident spent only 13 cents at Sears in 1900.[23]

This discrepancy in market shares between Eaton's, on the one hand, and America's largest stores, on the other, results from the countries' different retail situations. Between 1871 and 1911, the number of merchants in Canada rose from approximately 25,000 to 81,000, but almost 40 percent of these businesses were small "shoestring" operators. During this period, the United States had three of the world's largest department stores and two of the world's biggest catalogue operators. In Canada, however, Eaton's nearest competitors were Simpson's and Morgan's, each of which was earning about one-fifth of Eaton's sales. Eaton's grew so quickly that it simply eclipsed most other shopkeepers. Its cash-only policies, moreover, enabled it to accumulate more capital than could most other merchants, who continued out of neccessity to offer both credit and cash. Though many rural storekeepers were no doubt aware of the advantages of selling for cash only, many of their agrarian, hunting, fishing, and other non-industrial customers did not receive steady wages. Thus, rural merchants had to continue offering combinations of trading, credit, and cash. Small urban shops that catered to working people also provided credit, for many were situated in low-income neighbourhoods whose residents did not have access to ready cash. In contrast, as Morgan's, Simpson's, and especially Eaton's transformed their cash sales into deeper and deeper merchandise lines, these larger stores were able to obtain greater and greater discounts from their suppliers and were thus able to continually lower their prices. They were also able to generate a regular cash income: as they increased their stock turnover by holding regular sales, they were able to avoid seasonal trade slumps. Mail order was a final, crucial factor in the big Canadian stores' growth. By offering goods ranging from dresses to sinks to shovels at the lowest prices in the dominion, and by sending their catalogue to homes from outport Newfoundland to interior British Columbia, Simpson's and especially Eaton's set national standards in price, quality, and availability. Small-town merchants, independent craftspeople, and urban specialty stores could not compete with the Toronto giants' stylish products and bulk-purchased offerings. As Canada's rail system grew ever more sophisticated, customers all over the dominion could access these monopolistic retailers' goods. When the parcel post was introduced in 1914, it became even easier to partake of Eaton's seemingly limitless bounty.[24]

In terms of target consumer groups, Canada's retailing scene both resembled and diverged from that of other industrializing countries. France's largest and most successful store, the Bon Marché, was a solidly middle-class institution, catering to the nouveau riche and affluent provincials. Britain's department store scene was more diverse than that of its neighbour across the Channel. No major store dominated the country; instead, both mid-sized haute couture and popular stores existed. These included the upscale Harrods in London and the more down-to-earth Lewis's in Liverpool. America, too, had a combination of pricey and popular department stores, the former including Wanamaker's and Marshall Field's, the latter including Macy's. Late-nineteenth-century Canada did not have enough bourgeois consumers to support a massive upmarket department store, but there were enough affluent people in Toronto and Montréal to keep in business the mid-sized Simpson's and Morgan's, both of which targeted the carriage trade. In one sense, then, Canada's retail scene resembled that of France in that one major store – the T. Eaton Company – dominated the late-nineteenth-century marketplace. Yet, unlike the Bon Marché, Eaton's during this period was not middle-class. Instead, Timothy Eaton targeted urban spenders of lower-middle-class and upper-working-class status, as well as rural spenders of affluent, middling, and in some cases low-income status. In this way, like R.H. Macy before him, Eaton thus bypassed the affluent yet numerically weak bourgeoisie in favour of the lower income yet numerically strong lower middle class and working class. At the same time, he extended his market beyond Macy's. Though both companies ran large mail order operations, Macy's profits were hindered by intense competition from Montgomery Ward's and Sears. Woodward's and Simpson's offered Eaton's some competition, but not enough to challenge the latter's status as the dominion's largest catalogue operator. In ways unmatched by any other retailer in the industrializing world at this time, Eaton's captured both the urban petit bourgeois and working-class market as well as a wide-ranging rural market, which included customers of high, middling, and low socioeconomic status.[25]

Eaton's phenomenal late-nineteenth-century success was hence partly attributable to its founder's cash-only policies; his targeting of the numerically powerful lower, middle, and upper working classes; his emphasis on fast stock turnover; his excellent relationships with suppliers; and his policy of exponential growth. Yet Eaton's business acumen was not the only factor behind his big store's rise. Canada's increasingly complex railway network supported the store by enabling both people and goods to travel great distances. Not only did rail enable shoppers to travel to Eaton's downtown Toronto store, but it also carried manufactured goods from distant markets to Eaton's warehouses and transported commodities from Eaton's warehouses to customers across the dominion. To ease customers' shipping burdens, in 1906 Eaton's started paying the freight rates on orders over twenty-five dollars, and in 1907 it began covering rates on exchanges. In 1913, Eaton's began paying freight charges on orders over ten dollars. Also responsible for Eaton's success was tacit government support. Dominion, provincial, and municipal governments of this period were loath to interfere with the machinations of capital, preferring to let what was known as the invisible hand of the market drive the economy. Thus, although independent shopkeepers in the 1890s formed such organizations as the Retail Grocers' Association to lobby against what they perceived as unfair competition represented by mass retail, governments tended to avoid implementing any laws that would seriously curtail the emerging monopoly of Eaton's and, to a lesser extent, that of Simpson's, Morgan's, Woodward's, and the HBC.[26]

A growing propensity to consume among populations that had previously lived at or near subsistence levels was a final spur to the late-nineteenth-century rise of Eaton's and other mass retailers. As industrialization and capitalization accelerated not only in Canada but also in western Europe and the United States, money markets stabilized and wages became an accepted form of payment for work. Since industrial labour required workers' relocation to cities, where factories congregated, and since industrial work was extremely time-consuming, requiring twelve-hour days and more, employees did not have a lot of time to devote to household goods production, bartering, and trade. Factories employed primarily men but also some women and older children; those who were not employed in the factories had busy days taking care of younger children and maintaining households. Given these time pressures, workers began spending their wages in the consumer marketplace, acquiring food, clothing, and other important necessities. Timothy Eaton noted this tendency as soon as he set up shop in Toronto. Recognizing the potential that existed in a strictly cash trade, he targeted waged workers. During the early 1870s, for example, he became aware that Toronto's railway sector, the largest industrial labour force in the city, paid its workers on Thursday evenings. He responded by moving his sale days from Saturdays, the retail trade's traditional sale day, to Fridays. By the early 1880s, Eaton's "Friday Bargain Days" had become a weekly and much heralded event among the city's well-to-do working class.[27]

Certainly, not all of Canada's working people were able to buy goods from Eaton's or order from its catalogues. Prior to the mid-twentieth-century growth of the welfare state, people without access to adequate and steady paycheques had to rely on combinations of credit, bartering, and cash to make ends meet. Both urban and rural workers also continued to plant their own gardens and raise their own livestock. Selling crafts, taking in sewing and ironing, and renting out rooms were some of the other ways that economically disadvantaged households survived. Yet there are indications that, overall, Canadian spending increased during the last few decades of the nineteenth century. By 1889 in Ontario, Monod notes, "the consumption of non-essentials among the working class was a possibility for about half the ... wage-earning population and ... one in five [working-class families] enjoyed a substantial surplus income." At the turn of the twentieth century, "the average individual's annual pound and a half of currants and two bushels of apples were being supplemented by imports of bananas and pineapples and by the domestic manufacture of tinned pears and prunes."[28] Also indicative of rising Canadian standards of living was an increase in consumer goods production. Domestic clothing manufacturing increased in the 1880s, as did domestic food manufacturing in the 1890s, protected by Sir John A. Macdonald's National Policy, which was implemented in 1879 and which slapped increasingly high tariffs on imported goods. The domestic manufacturing of household goods, meanwhile, had increased throughout the 1870s, and the domestic entertainment industry expanded during the 1880s. Together with Eaton's phenomenal growth, these events indicate that consumer sentiment was growing among not only bourgeois but also petit bourgeois and upper working-class Canadians. Home ownership among working people also increased during this period, with the notable exception of workers in Montréal, who continued to rent their homes. This facilitated working families' ability to spend money on goods and services, as money that would otherwise have been spent on rent could be spent in the marketplace.[29]

A cultural orientation toward consumption accompanied this rise in spending. By the early 1900s, conservative Canadian intellectuals were lamenting what they perceived to be an increased dominion-wide materialism. Wilfrid Eggleston, Andrew MacPhail, George Parkin, and Arnold Haultain each bemoaned the abandonment of the nineteenth-century ideals of self-production and thrift, arguing that as Canadians acquired more goods, they become weaker and more vapid. Such rumblings, however, were not strong enough to stem the rising tide of consumption. As shopping became more convenient, as consumer goods and services became more affordable, and as standards became more reliable, Canadians all over the dominion sought out mass-produced goods.[30]

Consumers' motivations were many, and they are explored further in Chapter 5. It should be noted here, though, that time-consuming industrial labour, cramped urban living conditions, and the implementation of laws banning livestock within cities made it difficult for some families to produce their own garments and food. As well, when rural people moved to cities, they left behind stable communities in which social status depended upon kinship, and in which everyone had a clear place in the social hierarchy. In cities, new arrivals experienced anonymity and had difficulty sorting out their own and others' relative identities and social rankings. Consumption offered one way out of this conundrum. By assigning status to particular goods (prestige to expensive accessories, for example, and disgrace to agrarian-style clothing), urbanites made sense of their new social worlds.[31] Working people's need for respite was another factor behind the rise of consumption. After long days in the factories, offices, shops, and at home, many men and women – particularly young adults – sought fun and relaxation in Canada's growing entertainment venues, including dancehalls, soda parlours, theatres, and department stores.[32] Immigration, too, fuelled consumerism. Since modern European dress was a mark of belonging in British and French Canadian culture, immigrants wishing to avoid marginalization sometimes bought Western clothes to proclaim membership in the New World.[33]

Canadian Department Stores' Heyday: 1900s and 1910s

During the first decades of the twentieth century, the HBC, Simpson's, and Eaton's grew steadily. In western Canada the HBC continued its strategy of building department stores in emerging settlements, and when Edmonton's population reached seven thousand in 1904, it opened its first department store in that town. Simpson's, meanwhile, purchased Murphy's department store in Montréal in 1905; it also built a warehouse and women's wear factory in Toronto. By the next year, this mid-sized retailer had 1,800 Toronto staff members. Like its Yonge Street neighbour, Eaton's also opened its first branch store in 1905. It set its sights further afield, though. Recognizing that much of its catalogue trade came from the farms, towns, and cities rapidly being settled in southern Manitoba and southeastern Saskatchewan, Eaton's opened a colossal five-storey edifice in Winnipeg that year (Figure 1.2). Employing 1,250 workers and situated in a city whose population reached 90,153 in 1906, the Winnipeg store grew rapidly. Over the next few years, Eaton's added two more storeys, and by 1910 Eaton's Winnipeg factories were producing much of the region's consumer goods. Eaton's arrival in Winnipeg also precipitated the decentralization of Eaton's catalogue operations. The company established a mail order building and printing press in this major Prairie hub, making Winnipeg the centre of Eaton's western mail order trade.

Back in Toronto, Eaton's leadership continued. By 1904 it was printing 1.3 million catalogues annually and sending orders as far away as Mexico, Europe, China, and India. In 1905, Eaton's introduced the Santa Claus Parade, a successful annual public relations event that helped inspire the Macy's Thanksgiving Parade, which was introduced in 1924. By 1909

Figure 1.2 Illustrated postcard featuring Eaton's Winnipeg store, 1908 | *Source:* From the personal collection of Andrew Cunningham. | Used with permission of Sears Canada Inc.

Eaton's operations in Toronto covered twenty-two acres of downtown real estate. The company had 11,700 employees spread over 125 selling and 17 manufacturing departments; it also had factories in Montréal, Toronto, and Oshawa, which together employed 4,500 workers. By 1907 Eaton's total annual sales had reached $22.5 million. It was much bigger than Harrods, Great Britain's largest department store, which had sales of US$5 million in 1902. Eaton's had also grown bigger than Macy's, which earned US$16.8 million in 1907. It was still smaller than the Bon Marché, which earned Fr200 million in 1906, and mail order powerhouse Sears, Roebuck, and Company remained North America's retail leader, bringing in US$50 million in sales in 1907.[34]

For the HBC, the second decade of the twentieth century marked a turning point in company strategy. Recognizing the growing influence of urbanization on Canada's west, in 1910 the HBC's principal shareholders separated the company into three divisions: fur, land, and stores. It also began shifting its focus from fur to retail. In 1912 the Stores Commissioner stated that "the future policy of the company should be to develop departmental stores, both in Calgary and Vancouver and other principal cities in western Canada ... at the present there is not a great deal of competition, excepting the case of Winnipeg," where Eaton's had set up shop. In 1911 the company opened a modest department store in Manitoba's capital city, across from the company's Fur and Land Department. More extensive efforts were made in Alberta and British Columbia. After renovations to its Calgary site, in 1913 the HBC opened its new store to Calgary's growing population, which had reached 46,000 that year. With five acres of floor space, a children's playground, a library, and a restaurant, HBC Calgary was, the Stores Commissioner assured his superiors in London, "the finest store in western Canada." That same year, the HBC built a six-storey addition to its Edmonton store, giving the location 70,000 square feet of floor space. It also started construction on a six-storey store in Vancouver, which opened in 1920. With forty-seven merchandise departments and a restaurant serving "half a million meals ... annually," it was "a great community under one roof," as the HBC's publicity magazine put it.[35]

As settlement and urbanization expanded across western Canada, the number of department stores increased. In 1901, the total population of British Columbia, Alberta, Saskatchewan, and Manitoba combined was 598,169; by 1921 that figure had jumped to 2,480,666. The total number of residents in Canada's western provinces was not quite half that of Ontario and Québec, which together reached 5,294,172 in 1921, but it was sizeable enough to support the growing presence of mass retail. In British Columbia, which had a population of 524,582 in 1921, Spencer's was becoming a major operator. Through its mail order trade as well as its branch stores in Chilliwack, New Westminster, Nanaimo, and Vancouver, this Victoria enterprise could reach a substantial proportion of the population (Figure 1.3). With more than nine hundred employees in 1913, Spencer's Vancouver store was its largest. By 1923 Spencer's Vancouver location had 271,116 square feet of selling space spread over six storeys; it also operated a bank, a grocery warehouse, a furniture warehouse, a garage, and a storage facility. Of Canada's four western provinces, however, it was Saskatchewan that witnessed the most significant population increase, with numbers leaping from 91,279 in 1901 to 757,510 in 1921. Both Simpson's and Eaton's were quick to notice this growth, and in 1916 each established a physical presence in the province: Simpson's opened a mail order depot in Regina, and Eaton's built mail order buildings in Regina and Saskatoon. Independent stores also appeared in the area, including Cairn's of Saskatoon, which in 1911 established a five-storey department store that had 90,255 square feet of selling space.[36]

Figure 1.3 Cover of Spencer's Catalogue, 1928-29 | *Source:* Robert D. Watt, "Introduction," *The Shopping Guide of the West: Woodward's Catalogues, 1898-1953,* ed. Vancouver Centennial Museum (Vancouver: J. J. Douglas, 1977), ix. | Used with permission of Sears Canada Inc.

Unlike Canada's four western-most provinces, the dominion's three eastern-most provinces did not experience a rapid population surge between 1901 and 1921. Because of migration off the island, the population of Prince Edward Island actually declined from 103,259 to 88,615 during this period. Nova Scotia and New Brunswick underwent slight population

FIGURE 1.4 Holman's Department Store and Operations, Summerside, PEI, 1915. | *Source:* Wyatt Heritage Properties, Summerside, PEI, Digital Image 018.56. | Used with permission of the PEI Museum and Heritage Foundation and with permission of Wyatt Heritage Properties.

increases (Nova Scotia to 523,837 and New Brunswick to 387,876), and Newfoundland, which remained a British colony until 1949, also experienced gradual growth, reaching 263,000 in 1921. The total 1921 population of Prince Edward Island, Nova Scotia, New Brunswick, and Newfoundland was thus about half that of Manitoba, Saskatchewan, Alberta, and British Columbia combined and about one-fifth that of Québec and Ontario. In spite of its relatively smaller numbers, however, northeastern North America had enough purchasing power to support local department stores, including the Royal Stores Company in St. John's, Newfoundland (Newfoundland did not join Canada until 1949), and Vooght's in North Sydney, Nova Scotia. Established in 1902, the latter store employed thirty-three people by 1914. Meanwhile, Holman's in PEI remained one of the region's largest stores. In 1909 the firm launched what became a successful catalogue business, receiving orders not only from within PEI but also from Newfoundland, Nova Scotia, New Brunswick, and Québec. The firm built additions to its store throughout this period and by 1919 had grown sufficiently to employ two hundred islanders (Figure 1.4). Retailers in Saint John and Halifax, as well, operated both central and branch stores in New Brunswick and Nova Scotia during this period. Like their counterparts throughout the dominion, they had to contend with Eaton's and Simpson's, whose catalogues had been infiltrating eastern Canada and Newfoundland since the 1890s. A further challenge to Atlantic merchants was Eaton's and Simpson's decision during the First World War to establish a physical presence in Nova Scotia and New Brunswick. In 1916, Simpson's opened a mail order distribution centre in Halifax, and in 1918 Eaton's opened massive mail order depots in Halifax and Moncton, the latter employing 750 workers.[37]

Simpson's and Eaton's decisions to open catalogue warehouses in Saskatchewan, Nova Scotia, and New Brunswick were triggered by their determination to stave off competitors. In 1920, Simpson's earned $13.1 million in catalogue sales annually, while Eaton's made $60 million. Together, these two companies' catalogue trade represented 3 percent of total retail sales in Canada – an asset worthy of protection. Savings on parcel postage was another factor behind the big retailers' establishment of regional shipping depots. Just before Canada introduced the parcel post, Eaton's announced it would cover all shipping costs on orders over five dollars. By opening warehouses in strategic locations, the company could arrange bulk shipments from factories to regional warehouses and thus avoid onerous postal charges.[38]

Canada's most populous provinces similarly witnessed major retail expansion and change during the 1910s. In Montréal, Scroggie's emerged in 1913 and was purchased by Almy's in 1915. After the Montréal department store Carsley's went bankrupt, Goodwin's took over its operations. In Maniwaki, Québec, a department store called Hubert's was thriving, and in Ottawa, Ogilvy's (not related to Ogilvy's in Montréal) and Freiman's were making their names known. Other small and mid-sized stores included Robinson's in Hamilton and Goudie's in Kitchener. It was Eaton's, however, that experienced the most phenomenal growth of the period. In 1915 the company bought a knitting factory in Hamilton, and in 1916 it opened another Toronto factory. That same year, Eaton's built a new mail order building in Winnipeg, which added five more acres of warehouse space to its Manitoba catalogue trade. Three years later it added another factory to its Ontario operations when it bought the Guelph Stove Company. By the close of the First World War, Eaton's was operating

FIGURE 1.5 Eaton's illustrated postcard featuring Eaton's Toronto operations, 1920. | *Source:* Wikipedia, http://upload.wikimedia.org/wikipedia/commons/d/d4/Eatonstoronto1920MainStore.jpg. | Used with permission of Sears Canada Inc.

buying offices in Tokyo, Manchester, Leicester, Belfast, Zurich, and New York, and it employed 16,000 people in Toronto alone. Two thousand of these worked in mail order, 6,400 laboured in manufacturing, and a further 7,600 staffed management and sales (Figure 1.5). In 1919, Eaton's annual sales totalled $123,590,000. Simpson's and the HBC, the country's second largest retailers, made only $33,444,765 and $14,865,000, respectively. Not only was Eaton's Canada's retail leader, but it was also a major contender on the international scene. In 1919, Macy's sales of US$35,802,808 rivalled Simpson's but were nowhere near those of the giant T. Eaton Company. Canada's largest store was still not North America's largest store, however. That title was still held by Sears, which earned US$235 million in sales in 1920.[39]

Competition and Challenges: 1920s and 1930s

Unfortunately for Canada's largest stores, the 1920s marked the start of a new merchandising era. The dynamics of Canadian shopping and retail changed during this decade, to the permanent detriment of department stores. During the 1880s and up until the First World War, individual spending on non-food consumer items had been directed primarily toward clothing and home furnishings, two of department stores' major product lines. Between the world wars, though, non-food consumer preferences shifted. Clothing and furnishings remained important, but a new sector was on the rise. Whereas only the very affluent owned automobiles in the pre-war era, survey of southern Ontario farmers revealed that 63 percent had automobiles in the early 1920s; a survey from the same period of Manitoba farmers revealed that 80 percent owned a vehicle. By 1930 automobile dealers were earning 13.86 percent of total consumer spending in Canada, surpassed only by department stores and mail order houses, which earned 16.39 percent, and food stores, which earned 22.33 percent. That same year, Canadian consumers spent 12.6 percent of each retail dollar on automobiles; only food products, on which consumers spent 29.01 percent of every dollar, and clothing and shoe products, which received 14.76 percent, earned more consumer money. As interwar Canadians began directing more of their income toward cars, department stores felt the pinch. Not only did they lose retail dollars to auto dealers, but they also lost mail order sales to in-store sales. Car ownership enabled rural customers to travel more quickly and frequently to regional retail hubs, where they could select merchandise in person. As a result, Canada's two largest mail order houses experienced a permanent slip in catalogue sales. Simpson's operations actually lost money in some years during the decade, and Eaton's mail order sales declined from their 1919-20 height of $63 million to $57 million annually through 1928.[40]

Also harmful was the emergence of the chains. In 1889 in the United States, only 2 chain businesses existed; by 1912 there were 177 chain retailers managing 2,235 outlets. By 1929 there were 1,500 chains in America operating 70,000 stores in total. Chains arose similarly rapidly in Canada during the 1920s, though on a smaller scale. Just a handful existed in the dominion prior to 1900, and in 1919 Canada's three largest chains, Loblaw's, Dowler's, and Carroll's, operated only 36 stores. Yet by 1924 there were 1,200 chain outlets across Canada, and by 1930 there were 13,287. Grocery stores were the most numerous, with Dominion's and Loblaw's dominating eastern and central Canada and Safeway's and Atlantic and Pacific doing the same in the West. Clothing chains included D'Aillard's and Tip Top Tailors, while shoes were most heavily represented by Agnew-Surpass. This decade also saw the expansion of the five-and-dime, or variety, chains. In 1912 there were two variety chains in Canada, Knox's and Charlton's, the latter American-owned. That same year, however, Woolworth's bought out both, adding "Knox's 108 stores in the United States and Canada and Charlton's 48" to its "expanding empire," which reached as far as Britain. By 1924, Woolworth's total sales were US$15 million, up US$12 million from 1912. They were much lower than Eaton's $125 million earned in 1922, but they were indicative of the rapid rise of chains during this period. By 1925 chains were earning the same percentage of the Canadian market as were department stores, and in 1930 they surpassed department stores' sales, bringing in $210 million net more, excluding $77 million net earned by catalogue operators, including those owned by department stores.[41]

The chain stores' rapid growth can be partially attributed to the inflation of the immediate postwar years. As department and independent stores' prices went up, chains deliberately kept their prices down, holding sales in advance of their competitors. They became known for their low prices, attracting customers seeking not only low prices but also standardized and familiar product lines, timely fashions, deep merchandise lines, and dependable quality. Chain outlets were also smaller than department stores and employed fewer people; they could construct and, if necessary, close branch locations more easily than could department stores. As rural and semi-urban North Americans acquired more cars, customers travelled to downtown department stores less often, preferring instead to drive to stores located closer to their homes. Building low-rent and low-tax stores in outlying urban areas, and offering better parking than department stores, chain stores profited from shoppers' increased mobility. A final reason for chain stores' 1920s ascension was an increased emphasis among retailers upon size. Recognizing that department stores' vast profits hinged on their ability to obtain deep buying discounts, affluent merchants responded by buying out smaller stores, increasing their sales volume and capital.[42]

During the 1920s, in response to not only the chains' advance but also to increasing rates of automobile ownership, several major department stores opened branch outlets and bought out smaller companies. In the United States, Marshall Field's opened a second downtown Chicago location and built suburban branches. Macy's expanded its flagship New York City location both outwards and upwards, making it one of the single biggest department store buildings in the world. Catalogue giants Sears and Montgomery Ward's also expanded. By 1929, Sears was operating 268 retail stores, along with its mail order enterprise, and Ward's was managing 532. In Great Britain, Harrods of London bought up smaller retailers and opened suburban stores. And Canadian department stores, too, devised ways to cope. Between 1925 and 1929, Eaton's brought its catalogue merchandise closer to its customers by opening a mail order branch in Moncton and a mail order showroom in Winnipeg. It opened branch stores in every province except New Brunswick, Prince Edward Island, and British Columbia, and it purchased the Canadian Department Stores company, a southern Ontario chain of twenty department stores. Not to be outdone by the food chains, Eaton's also launched its own food stores, dubbed "foodaterias."[43] Thus, in 1925, Eaton's opened a department store in Montréal; in 1927, Eaton's department stores were in Saskatoon, Red Deer, and Hamilton; in 1928, residents of Port Arthur and Halifax witnessed an Eaton's store arrival; and in 1929, Albertans saw Eaton's stores open in Edmonton, Calgary, and Lethbridge. So successful was Eaton's in the latter location that the previously dominant HBC branch closed in 1931. Eaton's first foodateria appeared in Regina in 1926; Medicine Hat saw one arrive in 1927; Prince Albert acquired one in 1928; and Edmonton and Dauphin each became home to Eaton's foodaterias in 1929. By 1930, Eaton's total regular workforce – excluding part-time and temporary staff – numbered 25,736. This one company therefore employed 11 percent of all full-time retail workers in Canada, an enormous figure, considering that there were 125,003 stores in the dominion in 1930. Eaton's also employed more than half the total regular department store workforce in Canada, a total of 45,810 people. By the Second World War, Eaton's had become the country's third largest employer, surpassed only by the federal government and the railroads.[44]

Eaton's sales were as massive as its workforce. In 1930 the total Canadian retail sales volume was $2.76 billion. Excluding its mail order division, Eaton's earned $225 million of this, taking in 58 percent of all department store sales as well as more than 7 percent of total Canadian retail sales. Together with Simpson's, Eaton's mail order took in a further 3 percent of Canadian retail dollars. In contrast, more than 75 percent of Canada's stores earned less than twenty thousand dollars in 1930; only eighty-six retailers sold over one million dollars of merchandise. By the dawn of the Great Depression, Eaton's was not only the key player in the nation's consumer market but it had also emerged as a major Canadian institution and was one of the biggest retailers in the world. It was much bigger than Marshall Field's, which earned US$1.7 million in 1931; it was also larger than Macy's, which had a full-time staff of 12,500 in 1928 and sales totals of US$99 million in 1930. Eaton's was still smaller than Sears, however, which realized US$400 million in sales in 1929.[45]

Eaton's rapid 1920s expansion was indicative not only of its aggressive stance but also of department stores' overall higher levels of national significance in Canada as compared to Britain and America during the interwar years. In 1930 department stores captured 14 percent of retail dollars spent in Canada. Eaton's, Simpson's, and the HBC alone took in 12 percent of these sales. That same year in Britain, department stores took in only approximately 4 percent of total national retail dollars. As well, Eaton's, Simpson's, and the HBC earned much larger proportions of national department store sales than did their counterparts in the United States. In 1930 these three companies earned 70 percent of Canada's department store business. In contrast, seventeen major US department stores earned only 34 percent of American total department store sales. Department stores, particularly Eaton's, Simpson's, and the HBC, were hence more important in the Canadian consumer market than they were in the British and American markets. During the 1920s these three companies might have faced increased competition from automobiles and chains, but their policies and activities continued to have a major impact on the character and direction of Canadian retail.[46]

In contrast to Eaton's rapid expansion, Simpson's response to the changing retail climate of the 1920s was to move slowly and carefully. Like Eaton's, in 1924 it opened retail sections within its Regina and Halifax mail order buildings, thus allowing the car-owning public in Saskatchewan and Nova Scotia to examine Simpson's goods before buying them. Despite this strategy, though, Simpson's mail order lost money throughout the decade, experiencing especial difficulty in western Canada, where its catalogue trade "failed to net more than a modest profit of 4 percent."[47] Perhaps because of these losses, this second largest Canadian retailer declined to follow Eaton's, Sears', and Marshall Field's examples of suburban and branch development. Instead, like Macy's, it invested in its flagship store. Between 1928 and 1930, Simpson's built a nine-storey addition in Toronto; it also created one of the world's largest store restaurants, the Toronto store's Arcadian Court, which seated 1,300. By 1929, Simpson's total workforce numbered 6,700, and the company had brought its Toronto store's sales up from $21 million in 1920 to $31 million in 1929. That same year Simpson's removed the Murphy banner from its Montréal branch and began operating it under the Simpson's name.[48]

Canada's third largest retailer, the HBC, also pursued a somewhat unique path. After Eaton's had established itself in Red Deer, Edmonton, Calgary, Lethbridge, Regina, Medicine Hat, Prince Albert, and Dauphin, the HBC could no longer claim to offer the lowest prices or best selection to Prairie customers. Eaton's incursion into the HBC's retail territory, coupled with westerners' increased automobile ownership, made the 1920s a trying time indeed. To offset these difficulties, this oldest of Canadian corporations pursued a price-slashing policy that, by the decade's close, threatened its very existence. Profits dropped dangerously, and by 1929 the company was losing four times the amount it had lost in 1924. In Edmonton, price reductions increased the store's sales from $1.5 million to $2.4 million between 1924 and 1928, but its losses actually grew from $86,000 to $130,000 during the same period. Despite such problems, the HBC continued to believe that expansion was its best policy, and in 1921 it opened a new store in Victoria, employing 350 people. It also purchased Cairn's Saskatoon store in 1922 and built a new store in Winnipeg in 1926.[49]

Other major department stores operating during this period included Woodward's and Spencer's, both headquartered on the West Coast. In 1926, Woodward's opened a branch in Edmonton, and by 1930 the entire Woodward's operation was realizing almost $10 million in annual sales. Spencer's, meanwhile, continued to operate its Vancouver, Chilliwack, New Westminster, and Nanaimo locations, earning an average total of $13 million in sales per year between 1924 and 1934. In Québec the Dupuis Frères was a major player. Established in 1882 as a dry goods store in a downtown French-speaking district in Montréal, this almost exclusively francophone store underwent constant diversification and expansion, becoming a department store by the First World War. In 1921 the Dupuis Frères diversified even more, launching what became a successful catalogue business serving French-speaking Québec. On Prince Edward Island, Holman's expanded its Summerside business to Charlottetown in 1923. As well, 142 smaller department stores also operated in Canada during this time. Tied to local regions, these merchants generally sold less than $100,000 of merchandise annually and had loyal, stable clientele.[50]

If Canada's largest stores found the 1920s challenging, they were even less prepared for the hardships of the 1930s. After the New York stock market crashed in 1929, investments shrank, production declined, and unemployment rose. Coupled with years of prairie drought, these conditions spawned what is rightfully remembered as a decade of deprivation. Yet, according to Statistics Canada, retail sales, excluding department store sales, increased by 28.5 percent between 1930 and 1941, jumping 49.8 percent between 1933 and 1939 alone. This seeming discrepancy between job and crop loss, on the one hand, and spending increases, on the other, is explained by the fact that the bourgeoisie and employed petite bourgeoisie continued to spend, even while unemployed workers and crop-less farmers became destitute. Regrettably for department stores, workers and farmers were key customers, and as the fortunes of these groups suffered, so did the fortunes of the big stores. From 1930 to 1941, department store sales increased by only 7 percent while their retail market share dropped to 10.3 percent. Not only did Eaton's, Simpson's, the HBC, and other stores have to contend with declining consumer spending, so did they have to continue competing with automobiles and chains. Making things even more difficult were huge overheads. During times of plenty, department store spending on maintenance, office staff, storage, and delivery was balanced by profits reaped from huge sales volumes. Yet, when sales diminished, department stores' overhead, much higher than that of independents and chains, became a burden.[51]

In contrast to the heady expansionism of the 1920s, especially exemplified by Eaton's, the 1930s saw Canadian department stores struggling to remain afloat. During the latter half of the 1920s, Eaton's and Simpson's had each undertaken major construction projects: Simpson's was renovating its chic Montréal store, and Eaton's was constructing a new, upscale house-furnishings store in Toronto. Each completed its task – Simpson's in Montréal reopened in 1931, and Eaton's College Street opened in 1930 – but neither Simpson's nor Eaton's launched any new construction during this decade. Instead, they sought to stem their losses. Since their catalogues remained unprofitable throughout the 1930s, each considered closing their mail order operations. They eventually rejected this idea, but Eaton's did begin sending catalogues only to those customers who had made recent purchases. Simpson's, meanwhile, closed several regional order offices. Woodward's, the HBC, and Eaton's also tried to offset losses through wage cuts and layoffs. In 1932 those Woodward's workers whose wages were below $30 weekly found their wages cut by 10 percent; wages over $30 weekly were slashed by 15 percent. Between 1930 and 1935, the HBC reduced its retail staff from 1,700 to 1,200. During the same period, Eaton's cut its sales staff by 15 percent, reduced salesmen's wages by one-fifth, and dropped saleswomen's wages by one-third. Unfortunately for all concerned, these reductions did not result in increased profits, largely because the stores' sales volumes continued to decrease. At mid-decade, therefore, Canada's largest retailers stopped tinkering with labour policies and instead began to raise prices. As Macy's in New York had discovered during the First World War, and as Marks and Spencer's in Britain had learned during the 1920s, department store profits could be boosted not only by increasing sales volumes but also by increasing price points. In 1934, Eaton's increased its markup to 44 percent. In 1939 the HBC's markup in Vancouver was 32 percent, while Simpson's markup in Toronto was 31 percent. Increased prices, together with the war-induced ending of the Great Depression, finally enabled Canada's largest retailers to regain their financial footing.[52]

If increased prices enabled Eaton's, Simpson's, and the HBC to survive the Great Depression, they also signalled the close of Canadian department stores' retail leadership. Between 1890 and 1920, Eaton's and Simpson's, and to a lesser extent the HBC, were icons of modern Canadian merchandising, introducing mass buying, one-stop shopping, unprecedented selection, fashionable styles, and low prices to the dominion's bourgeoning urban and rural populations. Into the 1950s, they remained Canada's largest and most influential stores, but beginning in the 1920s, increased interwar competition from automobiles and chains, combined with shrinking purchasing power among department stores' most important consumers, put these major retailers on the defensive. Once considered cutting edge, by the Second World War the department store had become stodgy, inflexible, and expensive. Plagued by high downtown real estate rates, significant overheads, and cumbersome sizes, massive department stores were more suited to the pre-automobile and pre-chain era than they were to the interwar and postwar years. As chains brought merchandise closer to suburban and rural customers, as cars changed consumers' spending choices and shopping patterns, as merchandise became more diverse, and as prices became more competitive, Eaton's, Simpson's, and the HBC – together with other major Canadian department stores, including Morgan's, the Dupuis Frères, Spencer's, and Woodward's – lost their position in the retailing vanguard.

Canada's department stores' fortunes foundered just like those of department stores internationally. In the United States, Marshall Field's and Macy's both made it through the Depression, even turning a profit in some years. Several British stores, too, survived; some, such as Lewis's, even prospered, buying up smaller independent and chain department stores. Yet by 1940 there was a general international retailing shift away from the traditional downtown department store form toward smaller stores built in outlying locations. Mass merchandisers continued to build department stores, but they began streamlining their stock, trimming their slow-moving merchandise such as books and musical instruments, and expanding their established lines, especially clothing, accessories, and small consumer durables. Automobiles and chains had done their work; beginning in the 1940s and continuing for the rest of the century, new mass merchandisers both internationally and in Canada were eager to bring their stores to their customers as well as to avoid stocking slow-moving goods, paying downtown real estate prices, and generating high overheads.[53]

Canada's largest stores appeared later on the world's stage than did large stores in Great Britain, France, and the United States. After they emerged, however, they grew rapidly, eventually overtaking many of the globe's largest stores in terms of size and sales totals. By 1920, Eaton's in particular had become a world class retailer, larger than Whiteley's in London, Wanamaker's in Philadelphia, Macy's in New York, and Marshall Field's in Chicago. During the first four decades of the twentieth century, Eaton's, Simpson's, and the HBC captured larger national market shares than did their counterparts in other countries, both through their aggressive catalogue operations and through their numerous branch stores. From their spectacular beginnings in the 1880s and 1890s, to their heyday in the 1900s and 1910s, to their diminishing ascendancy in the interwar years, Canada's largest department stores had a significant influence on Canadian economic, social, and cultural life. To fully appreciate their role in the creation of modern Canada, however, we must look beyond their cross-country expansion, their sales totals, and their business innovations. Through their publicity strategies, customer relations, and labour management techniques, Eaton's, Simpson's, the HBC, and a host of more regional department stores demonstrated to both their admirers and their detractors that a new era of Canadian consumer modernity had arrived.

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