CHAPTER

12

Section 3

AMERICAN LIVES # Henry Ford

Engineer with a Vision

"[M]ake money and use it, give employment, build factories, and send out the car where the people [can] use it. . . . Business is a service, not a bonanza."
—Henry Ford, on his view of the goals of his business (1916)

Henry Ford (1863–1947) did not invent the automobile. He did not invent the assembly line. What he did was to use his engineering skill to develop a reliable car and to devise a method of manufacturing it that was cheap. In doing so, he achieved his vision—to put a steering wheel in the hands of ordinary people.

Ford was born on a farm outside Detroit and loved the peace of the countryside. He disliked farm work, though–machines interested him. At 16, he began to work in a machine shop. From that job and others he improved his knowledge of steam power and electrical systems. Meanwhile, he began to tinker with developing an automobile. In 1896, he completed his first, the "quadricycle," in a small shed. After knocking out part of the wall—the vehicle was too wide for the doorway—he drove his first car onto the street.

Ford sold the car for $200 and immediately began making another. Though his first two automaking companies failed, he earned a reputation as a skilled engineer. In 1902 Ford got the financial backing for a third company. Its first car was released in 1903. However, the investors wanted to sell cars to the wealthy—who bought most of the cars sold at the time. Ford wanted to make cars with mass appeal. He bought out these investors and in 1908 introduced his dream: the Model T. For almost 20 years, the Model T dominated the auto industry. By cutting costs, Ford was able to cut its price—from $1,000 in 1908 to only $345 in 1916. The durable, cheap "Tin Lizzie" became the everyday car of ordinary Americans. Much of the reduced cost of the Model T is attributed to Ford's unique assembly-line construction that eliminated unnecessary motion through simplified operations.

Ford also had another type of improvement up his sleeve. In 1914 he stunned American industry by announcing that he would pay workers $5 a day. As auto workers in Detroit were being paid from $1.80 to $2.50 a day, Ford's new wage was revolutionary. Ford's reasoning was simple: by paying

workers more, he offset the boredom of the assembly line by giving them the resources to afford to buy his cars. Still facing some opposition from other investors, Ford bought out other stockholders and put control firmly in the hands of himself and his family. The cost was $105 million.

Ford suffered setbacks too. During World War I, he sponsored a "peace ship" that hoped to convince nations to stop the fighting. The idea failed miserably. He also became notorious for his extreme views, especially his hatred of Jewish people. Some workers resented the company's "Sociology Department." This group was set up to help workers—many of them immigrants and many uneducated—live thrifty lives. However, the staff often intruded in the workers' lives. Finally, during the 1920s, sales dwindled as consumers preferred flashier cars from other companies.

In 1927, Ford shut down his factories and helped design a new car—the Model A. It was an instant but short-lived success. The depression severely hit Ford's company. By the mid-1930s, Ford was only the third biggest automaker. In addition, the company had a poor labor-relations record. It suppressed union organizers until finally allowing a union in 1941.

Ford, meanwhile, devoted himself mainly to a new project. He founded a historical museum and village. This collection of homes and other buildings celebrated and preserved the values and lifestyle of nineteenth-century rural America—the life that Ford's car had changed entirely. After 1938 Ford mostly gave control of his company to others before officially retiring in 1945.

Questions

1. Hearing of the $5 day, a publisher said "He's crazy, isn't he?" Why did Ford's action get such a reaction?
2. Assess Ford's contribution to industry.
3. Do you think Ford was a good employer? Explain.