

Henry Ford Did More for Workers than Unions Did

A Car for the Masses

When Henry Ford came up with the Model T, his goal was to build a car for the masses. Although history teachers typically present this as pertaining to price, Ford actually had to do much more than make his automobile cheaper. In fact, when the Model T was released in 1908, it initially sold for \$850, compared to the Model N's \$500 price tag in 1906. As early as 1901, the Curved Dash Oldsmobile – designed by Ransom Olds – sold for only \$650.

But the cost of owning a car went far beyond the sticker price. Few people knew how to drive, so it had to be easy to learn for those who were not rich enough to hire a professional driver. One way that the Model T simplified driving was by adopting a transmission that made it easier to change gears and allowed the car to drive in reverse. A car for the masses needed to accommodate diverse populations. Gasoline-powered cars were already the norm, but gasoline itself was not. Rural Americans had no gas stations, but they already purchased kerosene for their tractors, and many could produce ethanol themselves. Any of these three fuel options could power the Model T.

The design also needed to be reliable and easy to maintain. The Model T adopted a more reliable cooling system. Water loses density as it heats up, so Ford's engineers figured that a tube at the bottom of the radiator would feed cool water to the engine, while another tube at the top would receive the hot water, replacing the mechanically vulnerable water pump with a passive system built around thermodynamic principles. In the early years, Ford added valve covers to the engines to

protect them against oil loss and contamination.

Contrary to the common narrative, Ford's goal was not to build a cheap car; it was to build a reliable car that would be easy for people to operate and maintain. Once those goals were met, Ford turned his focus to reducing the cost of production.

To this end, Ford's greatest contribution was not a grand innovation but a synthesis of existing systems of production. Adam Smith famously described the specialized division of labor used in eighteenth-century pin factories. Eli Whitney used interchangeable parts for the production of firearms as early as 1801, establishing the "American system of manufacturing." Ransom Olds first brought these concepts to automobile production by using a stationary assembly line to produce his Curved Dash Oldsmobile. When Ford unveiled his moveable assembly line, he credited the idea to Chicago meat-packers, who used a similar process to disassemble animal carcasses.

The moving assembly line dramatically increased the rate at which a given number of workers could assemble a vehicle. Ford ended up applying this manufacturing concept to every level of production, from the assembly of specific components up to the hanging-chassis assembly line which produced the final product in forty-five operations. By 1916, Americans could buy a Model T for only \$360.

More Money, Less Work, No Unions

Ford's efficient manufacturing process had an unanticipated cost: it was *boring*. As Ford described the process in his autobiography:

In the chassis assembling, there are forty-five separate stations. ... The man who places a part on does not fasten it. ... The man who puts in a bolt does not put on the nut; the man who puts on a nut does not tighten it.[1](#)

Ford was trying to describe why his process was so efficient, but he unintentionally also explained why his company had a staggering [worker turnover rate of 370 percent](#) in 1913. In that year, the Ford Motor Company was earning annual profits of \$27 million on \$90 million in revenue, but it could not keep its factories staffed. Up to that point, entry-level workers earned \$2.30 a day for a nine-hour shift. But nine hours spent turning a lug nut is hardly an attractive job when competitors – such as General Motors, the conglomerate formed from Ransom Olds's ventures – paid similar wages for less monotonous work. So in 1914, Henry Ford announced that none of his workers would earn less than \$5 a day working eight-hour shifts. He also offered eighteen paid days off for vacation and illness, an uncommon practice at the time, especially for unskilled workers.

The pay increase was set up as a profit-sharing system rather than a simple wage, with conditions attached. Workers still made their original base wages for merely fulfilling their jobs, but those who met certain personal requirements could earn a maximum of \$2.70 per day extra, allowing the raise to apply equally to all workers, even those who made more than the starting wages. The strings Ford attached to the raise are a common source of criticism, but it is difficult to understand why. Workers who did not want to meet the conditions could still find employment at the factory at the original wages and still enjoy a slightly shorter work day, and the conditions Ford attached to the bonus included things like contributing to a personal savings account and not physically abusing your family. Of course, those who opposed these strings could still seek employment elsewhere, just as they had already been doing.

But workers apparently had no objection to Ford's conditions for the extra wages. Workers flocked to Detroit to get jobs, and those who had them decided that monotonous work was more bearable with the new perks. But it does not do justice to the

policy to say that Ford increased the livelihoods of his own employees. By 1914, Ford Motor Company was an enormous employer and one of the most famous businesses in the country. The good press Ford received from the decision put pressure on other companies – not only competing automobile manufacturers – to similarly increase pay, shorten the workday, and add vacation days. He also paid African American workers the same wages as white workers, reducing the ability of employers to benefit from a culture of racial discrimination by paying black workers less than white ones. By 1926, when Ford similarly advertised his decision to reduce the work week from six days to five, he essentially established modern employment standards: the forty-hour week, eight-hour day, vacation and sick days, and standardized wages.

Henry Ford, Unions, and the Government

It is also important to contrast the gains of Ford's reforms with the competing attempts to achieve similar outcomes. Union organizers had been agitating for eight-hour workdays for a century, with little to show for it. A handful of industries – usually only within a given locality – had agreed to eight-hour workdays in response to labor strikes, but the affected workers were a drop in the bucket for America's workforce despite decades of agitation. Furthermore, even when unions did achieve some victory, it either explicitly excluded racial minorities and immigrants – both of whom enjoyed equal wages at Ford – or ostensibly agreed to universal wage rates for the purpose of protecting white workers from black competition, [which was the motivation behind the earlier minimum wages laws.](#)

Where unions had an impact, there were negative consequences, especially for African Americans. But even without these

problems, the change they effected was far too modest to credit unions with the forty-hour workweek, as they frequently are. Ford despised unions and would not allow them at his factory, yet he not only met, but *exceeded*, the union demands of his day: whereas unions generally called for an eight-hour day with no reduction in pay, Ford *more than doubled* wages. Even for companies such as General Motors, which did have unionized workers, the unions get credit for reforms that they never won until Ford Motor Company threatened to lure away their best employees, shifting the turnover problem from Ford to his competitors.

As part of the New Deal, well after Ford's reforms, the 1938 Fair Labor Standards Act helped further standardize the eight-hour workday and the weekend by setting a federal minimum wage that mandated overtime pay for anybody working more than forty hours per week. Unlike Ford's reform, in which the adoption of an eight-hour day was accompanied by a substantial increase in pay, this act brought the eight-hour workday to those who did not already have it *at the expense* of their wages. Even if workers *wanted* to work longer hours to earn more money, employers were now incentivized to *deny* them this opportunity.

These reforms, of course, also did not come with any benefit to the consumer. Ford designed an automobile that the average American could both afford and operate. It was *because* of this accomplishment – laudable by itself – that he was able to reduce the hours his employees worked while increasing their pay and benefits, avoiding the unintended consequences that follow union agitation and legislation.

Those who recognize that Ford deserves credit for these positive changes often accept the myth that he made his reforms for moral reasons. While there is no doubt that some of his policies followed moral motivations, such as the demand that his workers save money and refrain from physically abusing their families, this idea predominantly derives from Ford's own marketing of the policy. He famously publicized his

1926 reform by citing the hours one of his entry-level workers had to work to afford a Model T, cultivating the myth that he paid high wages because he wanted his workers to afford the product they built.

Ford certainly wanted working-class people to afford his car, which is why he worked to reduce its cost, but the wage reforms were born out of the need to retain workers, and the eight-hour work day was a logical way of keeping his factories operating twenty-four hours a day, divided into eight-hour shifts. The important insight is that capitalism does not depend on kind-hearted employers to produce positive change; the competitive profit-and-loss mechanism works naturally to incentivize these outcomes while reducing the unintended consequences of such changes.

[1.](#) Henry Ford and Samuel Crowther, *My Life and Work* (Garden City, NY: Garden City Publishing, 1922), 83.

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