

## **A FRESH APPROACH TO HENRY FORD I'S PATERNALISM**

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### **2. Social policy could take a form of paternalism**

- Historically, paternalism meant various kinds of voluntary donations to the dependents – servants, slaves, serfs, or hired workers.
- Master or boss-employer may grant some kind of social relief – like cheap canteen, payless hospital, sports or educational facilities, etc.
- Paternalism implies decisive role and initiative of master or employer.

### **3. Paternalism unreasoned or paternalism rational**

- Kind, size, or purpose of donation can be arbitrary, results –unpredictable. What was better for workers – payless hospital, sports ground, or Sunday school? To what extent could it make their life better?
- Henry Ford introduced his own, “calculated” paternalism, that touched every worker, and results could be collected and measured.

### **5. Five Dollars Day: underlying ideas**

- No reasonable wages can satisfy workers unless they are inclined to rational spending and saving. Otherwise they would demand more and more, and could certainly be abetted by political and social radicals, labor unions leaders, or anarchists.
- Growing bank accounts, good habits, good living conditions, real estate, etc. should inspire workers to best work and paying highest tribute to Mr. Ford and his company.
- No charity with vague results: Ford administration intended to control and measure the effectiveness of bigger wages by a staff of investigators of Sociological Department.
- Ford workers were proposed either to comply with the company's requirements, or be on the blacklist.

### **6. What workers had to do to deserve \$5 a day**

- To have banking account, to own some property (purchase a piece of land and family house in credit), or rent a good rooms;
- To choose respectable area for living;
- To keep cleanness and fresh air at home, to use bathroom and kitchen;
- To abstain from alcohol and gambling;
- Ford car purchase was especially approved.
- To be in lawful matrimony instead of sexual co-habitation;

- Wife shouldn't be employed. Her duty is to keep house and sit with children;
- No tenants at home; living space shouldn't be tight;
- Immigrants who didn't know English language, must learn it in Ford school.

### **8. What the Company was to do**

- To pay every good worker \$5 on equal footing, despite age, race, religion, nativity, physical abilities, and qualification;
- To establish a Sociological Department to investigate how workers behave themselves out of the factory, how they live, etc. by interviewing their neighbors and relatives, and others who can give information. To collect data on their bank savings and
- The investigators had to give workers and their relatives useful advises.
- The Company arranged free English-language school. The teachers were volunteers from the shop men.
- The penalty for misbehavior was warning, and if it did not help, debarring from \$5 program.

### **10-11. Main economic results of \$5 policy over three years.**

Day, month, year	Total amount in banks <sup>i</sup>	Total amount of life insurance	Total value of homes owned	Total value of homes on contract
12.01.1914	996,413	2,471,663	468,230	1,111,258
12.01.1915	3,046,301	6,493,709	933,524	3,237,864
12.01.1916	5,968,936	14,822,962	2,892,667	7,844,614
12.01.1917	9,137,619	23,408,186	4,157,659	13,990,343

Day, month, year	Average amount in banks	Average amount of life insurance	Average value of homes owned	Average Value of homes on contract
12.01.1914	75.20	180.53	35,33	247.70
12.01.1915	213.70	455.54	65,49	622.04
12.01.1916	203.62	505.66	98,68	743.25
12.01.1917	223.39	572.28	101,65	998.98

### **12. Two patterns of workers' behavior.**

- Americans and immigrants from Canada and Europe preferred real estates buying. They wanted to live in the United States. Immigrants better learnt English, applied for the US citizenship.

- Major part of Russians and oriental men were savings-oriented. They shared income with homeland relatives, sent them money, or just intended to return in smart American suits and with dollars in pockets. They considered their employment in the U.S. as temporary, were more thrifty, but less diligent in learning English.
- Work at Ford was the best employment for both groups, and they tried to follow corporate demands.

### **13. In 1918-1920 the profit-sharing plan was shut down.**

- Profit-sharing proved to be too expensive, and wartime inflation ceased the importance of \$5 a day.
- The Ford Motor Company urgently needed huge investments in the enlargement of production.
- To attract more workers, basic part of wages was increased, and additional part was abolished; in 1919-1929 workers' daily wages were fixed on \$6. Bonuses and Company's saving bank replaced the former paternalism.
- Speed-up system and firing for smallest fault came in place of former paternalism. Sociological Department and English classes were closed. The Company paid no more attention to workers' way of life.
- No one American firm repeated or praised Ford social policy at that time.

### **14. Jobs instead of charity.**

- Ford paternalism was not limited by the abortive \$5 per day policy.
- The Company gave feasible, but equally paid jobs to such outsiders, as disable persons, blacks, even volunteers from jail prisoners (by permission of jail authorities) to facilitate their social adaptation.
- No religious, race, health, or national limitations were actual in hiring people. Married women who lost their husbands were allowed to work.
- Even during \$5 day policy, no payless benefits, like housing, medical aid, sports grounds, or theatrical performances were offered. Only English language school and practical advices were free.

### **16. One more social experiment**

- Those plants proved to be unprofitable because of small scale production, transportation expenses, season fluctuations of water stream, etc.

### **17. Conclusion: keys to understanding Ford intentions**

- Sense of social responsibility as mission of Big Business.
- Attempts to replace useless charity by giving jobs wherever possible.
- A staunch idea to make the world better by helping laboring people to help themselves.
- Ford liked to publicize his experiments to stress his outstanding role not only in industry, but in social life as well.

