The $5 Dollar Day and the Ford Sociological Department

Preview of Main Idea

In this 2-day lesson, students will explore the famous “$5 Day” pay scale initiated by the Ford Motor Company in 1914 and the role the Ford Sociological Department played in administering the program. Students will use contemporary material to analyze these two inter-related subjects.

Objectives

1. Students will develop a knowledge of the $5 day and the Ford Sociological Department that administered the plan.
2. Students will engage in rational dialogue exploring the merits and shortcomings of the Ford Profit Sharing Plan.
3. Students will enhance their ability to critically analyze primary source material.

Day 1
The Five Dollar Day

Materials

1. Narrative: “Ford’s $5 Day”
2. Excerpts from: My Life and Work by Henry Ford with Samuel Crowther
3. Excerpts from: My Forty Years With Ford by Charles E. Sorensen
4. Excerpts from: Independent Man: The Life of Senator James Couzens by Harry Barnard
5. Press release from the Fair Lane Papers announcing the $5 day
8. Headlines from the Detroit News, January 5, 1914
9. “King” an undated poem by Edgar A. Guest
10. Cartoon satirizing the $5 day. TBD

Teaching Activity – Day 1

Note: The narrative “Ford’s $5 Day” can be assigned as pre-reading or used by the teacher as reference material.

1. Opening the Activity (20 minutes)
Break the class into groups of 4-6 students. Limit the number of groups to five or less. Distribute one data set to each group. Tell them to review the available documents. 

In the time allotted, they should note as many key facts about the $5 day as they can and to develop a 1-2 minute oral presentation that describes the $5 dollar day. Caution them that they will not be able to read all documents. Students will have to share their findings for the benefit of the entire group in order to produce an effective presentation.

They should be particularly alert for the following:

- What was the “$5 dollar day”? 
- Why did Ford Motor Company implement the $5 day? 
- How the $5 day came to be? 
- Who was eligible for profit-sharing? 
- What were the different reactions to the $5 day? 
- How was the $5 day to be administered?

2. Developing the Activity (15 minutes)

Give each group 1 minute for their presentation. Tell each group to listen carefully. At the conclusion of each presentation, give the class the opportunity to challenge the accuracy of one fact or opinion provided by the group.

A challenge is made by:

Identifying a factual claim or an opinion and presenting specific contradictory piece of evidence from one of the documents.

If successfully challenged, the challenged group will have the opportunity to provide evidence that specifically defends their position.

3. Concluding the Activity (10-15 minutes)

In a large class format discuss the following:

a. How did the $5 dollar day work? Discuss the profit sharing aspect of the plan.

b. Why did Ford Motor Company implement the $5 day?

c. One could argue that the $5 day was implemented as an act of fairness or one of self-interest. What do you think? Are these motives reconcilable?

d. What is the meaning of Edgar Guest’s poem?
e. List additional questions that could be explored in order to fully understand the $5 day and its ramifications. Questions could be directed at clarifying ambiguities or contradictions in the information provided (For example: Was the plan truly Henry Ford’s idea?) or a related issue not directly addressed in the documentation. (For example: How did Ford Motor Company determine eligibility for the profit sharing?)
Day 2
The Sociological Department: Administering the Profit Sharing Plan

Materials
1. Selections from S. S. Marquis Papers on the operation of the Sociological Department
   a. Qualifications for Profit Sharing
   b. Habits
   c. Home Conditions
   d. Accounting for Share of Profits
   e. Human Interest Story, Number Thirty-Eight
2. Excerpts from: Helpful Hints and Advice to Employees: To help Them Grasp the Opportunities Which are Presented to them by the Ford Profit-Sharing Plan
4. Map showing assignment of each investigator

Teaching Activity
1. Opening the Activity (5 minutes)
   Break the class into groups of 4-6 students. Limit the number of groups to five or less. Review the perceptions of the $5 day program as discussed the previous day. Emphasize the implementation and eligibility components of the plan. If necessary, read from: “Statement of Henry Ford Prepared for the Industrial Relations Commission, 1916.” the section beginning “Those qualified” through “is awarded a Share according to the Schedule.”

2. Developing the Activity (25 minutes)
   Distribute one data set to each group. Students should review the available documents. Inform students that following their review they will be asked to:
   1. Explain how the Profit Sharing Plan was implemented;
   2. Identify missing information that would help further their understanding.

   Distribute Sociological Department worksheet – 1 per student. To encourage interaction, the group should complete one worksheet. At the teachers discretion, students can complete the worksheets individually based on the group discussion. - 15 minutes
Clarifying the Data:
  a. Generate two specific factual questions that would help clarify the data. (For example, where is a Ruthenian from?)
  b. What evidence from “Educational Statistics: Home Plant as of January 12, 1917” demonstrates the apparent success of the profit sharing program.
  c. Cite one illustration from the material that seems to indicate the cultural values of the leadership of Ford Motor Company.

Summarizing the Data:
Explain the operation of the Sociological Department in administering the Ford profit sharing plan.

3. Concluding the Activity (15 minutes)

Review and discuss the responses to the worksheet.

Ask the students what they think about the $5 Dollar Day and the Ford Profit Sharing Program as administered by the Ford Sociological Department. Prepare two lists on the board. One a list of reasons in favor of the Program and the second in opposition. Discuss the responses.

Ask them to consider how they would feel about the Profit Sharing Plan and why from the following contemporary perspectives:
  a) As a Ford employee at the time the Program was initiated;
  b) As a labor leader;
  c) As a store owner in Highland Park, Michigan, the site of the main Ford plant;
  d) As a worker at another factory in the area;
  e) As a major investor in the Ford Motor Company.

4. Extending the Activity

Assessing the Learning - 5 minutes
1. Collect the worksheet.
2. Working in pairs or individually, assign the following as homework:
   a. Develop a 10-20 item questionnaire that Sociological Department personnel could use to investigate and determine the eligibility of workers for profit sharing.

   OR

   b. Create a graphic representation of some aspect of the “Educational Statistics” from the 1917 Sociological Department report. The graph must be titled to illustrate the theme. If the students use the “Nationality” data,
it will probably necessary to consolidate national groups. For example, “Scandinavian”, “Middle Eastern”, “Other Southern European”, etc. Graphs which combine data will have higher grade value than single element graphs. For example, “Per Cent of Ford Employees with Bank Accounts by Nationality” would be of higher value than “Ford Employees by Nationality.”

OR

c. Write a 1 page “Human Interest Story” in the basic format of the Mustafa Keotcheli.

OR

d. Write an editorial supporting or opposing some aspect of the Ford Profit Sharing Plan. Take the perspective of an editorial appearing in one of the following newspapers:

- The Wall Street Journal
- The Detroit Free Press
- The Journal of the Carriage, Wagon and Automobile Workers Union

NOTE: It may be necessary to have extra pages of the Educational Statistics and Human Interest Story #38 for students to complete the assigned homework.

References and Resources

Michigan Department of Education: Relevant Curriculum Framework

A. Social Studies
   Strand I – Historical Perspective
      MS 2.4, 3.3
      HS 1.2, 2.1, 2.2, 3.1, 3.2, 4.1, 4.2, 4.4
   Strand II – Geographic Perspective
      MS 3.3
   Strand III – Civic Perspective
      MS 3.2
      HS 2.1
   Strand IV – Economic Perspective
      MS 2.1, 2.4, 4.1,
      HS 1.2, 5.3
Strand V – Inquiry
  MS 1.2
  HS 1.3, 2.1, 2.2
Strand VI – Public Discourse and Decision Making
  MS 1.1, 1.2, 1.3, 2.1, 3.2
  HS 1.1

B. Mathematics
  Strand I – Patterns Relationships and Functions
  MS 1.2
  HS 1.2
The Five Dollar Day
Think Sheet

Items to consider while reviewing the $5 day documents:

1. What was the “$5 dollar day”? 

2. Why did Ford Motor Company implement the $5 day? 

3. How the $5 day came to be? 

4. Who was eligible for profit-sharing? 

5. What were the different reactions to the $5 day? 

6. How was the $5 day to be administered?
The Sociological Department: Administering the Profit Sharing Plan Worksheet

Clarifying the data

1. Generate two specific factual questions that would help clarify the data. (For example, where is a Ruthenian from?)

2. What evidence from “Educational Statistics: Home Plant as of January 12, 1917” demonstrates the apparent success of the profit sharing program?

3. Cite one illustration from the material that seems to indicate the cultural values of the leadership of Ford Motor Company.

Summarizing the data

4. Explain the operation of the Sociological Department in administering the Ford profit sharing plan.
The Sociological Department: Administering the Profit Sharing Plan Worksheet

Select one of the following to complete. Options 1 and 2 may be done individually or in pairs.

1. Develop a 10-20 item questionnaire that Sociological Department personnel could use to investigate and determine the eligibility of workers for profit sharing.

   OR

2. Create a graphic representation of some aspect of the “Educational Statistics” from the 1917 Sociological Department report. The graph must be titled to illustrate the theme.

   If you use the “Nationality” data, it will probably necessary to consolidate national groups. For example, “Scandinavian”, “Middle Eastern”, “Other Southern European”, etc.

   Graphs which combine data (that is, require original calculation by the student) will have higher value than single element graphs. For example, “Per Cent of Ford Employees with Bank Accounts by Nationality” would be of higher value than “Ford Employees by Nationality.”

   OR

3. Write a 1 page “Human Interest Story” in the basic format of the Mustafa Keotcheli.

   OR

4. Write an editorial supporting or in opposing some aspect of the Ford Profit Sharing Plan. Take the perspective of an editorial appearing in one of the following newspapers:

   - The Wall Street Journal
   - The Detroit Free Press
   - The Journal of the Carriage, Wagon and Automobile Workers Union
THE FORD $5 DAY

On January 5, 1914, Ford Motor Company announced a startling new wage program for its workers that would, in effect, raise the minimum wage of its workers to $5 per day for an 8-hour day. Unskilled and semi-skilled workers in other auto factories and in other major industrial concerns were earning approximately 20-25 cents per hour for a 10-hour day.

The motives behind the plan were complex. Certainly, Ford himself had an affinity for the common laborer as did his right hand man, James Couzens. No doubt they felt that given the enormous profits Ford Motor was generating, it was appropriate to share some of that wealth with the workers.

Nonetheless, there was a very practical motive in raising wages. The turnover in Ford’s factory, and to some extent across the industry, was extraordinary. In the Couzens excerpt, he mentions that in order to fill 12,000 positions in 1913, the company had to hire 60,000 workers!! A major factor in raising workers pay was simply to incent them to stay at their jobs.

The increase was, however, more complex than a simple increase in wages. Ford did not change the basic rate. What he did was set aside a portion of the companies anticipated profits and distributed them to workers in their weekly pay. But, there was another restriction. Workers had to demonstrate they would not squander the money on frivolous living. Instead they were expected to use this windfall to improve the standard of living for themselves and their families. Failure to do so either prevented the worker from receiving the profit sharing bonus initially or cause him to be dropped from the program.

This required Ford to create a special group, the Sociological Department, to investigate and certify workers for the profit sharing. Department investigators conducted detailed reviews of employee finances, home life and life style. Although investigators attempted to aid unqualified workers, failure to meet the established standards precluded participation in profit sharing. Such workers would only receive the base wage.

The profit sharing program administered by the Sociological Department continued until 1921. By that time, conditions at Ford’s had changed dramatically. The first major change came during World War I when the function of the Department became blurred with efforts to prevent industrial sabotage. This was followed in the post-war years by the Red Scare, labor unrest, depression in the early twenties and increased competition in the auto industry. Eventually, Ford tired of the experiment to improve men’s lives by linking high
pay to appropriate life style and the profit sharing element was eliminated. Instead the wage rate was fixed at a relatively high level and paid without restriction.

However one views the role of the Sociological Department, the fact remains that the vast majority of Ford workers received the profit sharing allocation. The high wages rates were an important element in raising the wages in the auto industry generally. It also helped create the recognition that higher paid workers were also better consumers. Workers that had the surplus to acquire goods and services beyond the bare essentials were a stimulus to the economy as a whole. Ford’s wage structure also proved false the prevalent notion among financial conservatives that since workers would only squander higher pay on drink and other frivolities, there wages should be kept at a subsistence level.

In many ways, the $5 day was Ford’s most recognized achievement and the act upon which his popular reputation was based. The Model T was certainly the people’s car, but the $5 day captured the imagination of the working people of America. It helped make Henry Ford a larger than life figure for many people in this country and abroad.