Jessica Feltner

HIS 949

Timeline: Business

9/26/2012

The Five Dollar Day – January 5, 1914

In 1914 The Ford Motor Company started paying their employees five dollars per day, more than double what they were making before. The Five Dollar Day was one of several policies that Ford introduced on January 5, 1914. Among these there was also the eight hour work day and an added third shift, so that the company could continue running throughout the night. The estimate total cost that Ford would be distributing among his employees was $10,000,000.1

These unprecedented policies were enormously popular among the public and unsurprisingly, resulted with the Ford Motor Company’s office of employment being bombarded with inquiries about positions. Once it had been announced that a new third shift policy had opened up approximately 4,000 jobs, there was a large crowd of men seeking employment, camped out in front of the Highland Park factory. At one point, tensions became so palpable that there was a riot and the Detroit police used fire hoses to subdue the crowd.1

The reasoning behind the Five Dollar Day lay in the lack of substantial increase of productivity, which was expected after the integration of the revolutionary assembly line. After consulting labor expert, John R. Lee, they discovered that the problem laid within the companies workers. Due to the monotony of the assembly line, workers did not feel any pride or satisfaction in their daily work, creating a general lack of motivation. The numbers in the year 1913 were startling – turnover was 370 percent, while daily absenteeism amounted to 10 percent. 1

To solve their productivity issue, the Ford Motor Company gradually issued smaller reforms, such as upping the pay by fifteen percent and forming an Employees’ Savings and Loan Association. These reforms led to the Five Dollar Day, an effort put forth by the company in order to increase their productivity and employee loyalty. However, Henry Ford also wanted to share his profits with his employees, out of a sincere belief that he could not have earned it without them. He thought it was morally wrong to keep all the wealth himself. He also believed that it would be good for the company to put more money into the hands of the employees, because it’s essentially putting more money into the community that will then give them more consumer power, thus increasing the company’s profits. 1

James Couzens, “the hard-driving business manager of the company” had a significant role in developing the Five Dollar Day. His reasoning was that the profits were unequally distributed, the quality and efficiency of production is better when employees are paid fairly, and that business owners have to realize that their employees are people. Both Couzens and Ford displayed many progressive minded principles.1

With the Five Dollar Day being the first great reform of its kind in private business, the publicity was outrageous. Henry Ford took full advantage of the free advertising and did many interviews. It was in his interviews that he often reflected his progressivism, though he mainly called it “good will.” Whether it was motivated by good will or profit hunting, the Five Dollar Day challenged the capitalists of the Progressive Era, setting a new standard of labor relations.1

1. Steven Watts, *The People’s Tycoon: Henry Ford and the American Century* (New York: Alfred A. Knopf, 2005), 178-191.