## Profit-Sharing and Other Things

American.)

Eighteen years ago the inhabitants of Detroit were startled by the appearance on the streets of a weird contraption-a buggy propelled by an engine and steered by the young proprietor of a bicycle repair shop. At first they were interested, and then amused, but finally bored. "Ford's folly" they called it.

Some time ago Henry Ford announced that this year he and his six fellow-owners of the Ford Motor company will distribute among their 20,000 workers more than \$10,000,-000, one-half of the annual profits. And "Ford's folly" is a current phrase once more.

Practical business men and economic theorists of various schools are skeptical about the wisdom of the plan and gloomy about its effect. Socialists flout it as a worthless substitute for their system. Supporters of special privilege are irritated and resentful. Mr. Ford makes a rather quaint explanation:

"It's just a matter of selfishness. I want to enjoy what money I have don't believe in model working men's in my lifetime. The only way I know of enjoying a large sum is to see that it does the greatest good to the greatest number of persons. I believe that every man who does his share toward making a business profitable should share in the profits.

"And we shall get increased efficiency. A man does more efficient work when he is well paid; it is a good business; rinciple to see that all employes are making enough to live on with comfort."

An obvious comment, widely offered, is that the plan is impossible of general application. The Ford enterprise is unique in its scope, its profits and its virtual monopoly of a vast field. Yet there is a vital lesson to be drawn from that fact, that the profits which permit this huge dis-American commerce and finance con- homes. demn and abhor. Henry Ford has success and liberal dealing; he has demonstrated the fallacy and dishonesty of the system by which many of the big industries of this country have been debauched.

It goes without saying that such a man has an interesting personality. He is 50 years old, slight in build and intensely active. With an income of more than \$10,000,000 a year, he lives in a modest bungalow on his 2,000-acre farm, keeps two servants and drives one of his own \$550 cars. Every day he tours his factory, often in overalls. He is his own chief designer and chief engineer; there is not a factory machine which he ca not run nor an operation which he cannot perform. Office management and finance he leaves to others. He keeps cash accounts aggregating \$15,000,000 in Detroit terrific concern to many eminent banks. Once his bookkeepers protested to him about a \$75,000 dividend check which had not been deposited; he had forgotten about it, but finally dragged it, crumpled and soiled, from a pocket in his overalls. The greatest man in the country, he thinks is John Burroughs, the naturalist; the second, Thomas A. Edison. His greatest hobby is studying bird life.

But, of course, the big aim of his life is typified in the car that bears his name. He determined to make an automobile that would be absoit would be within the reach of per- tem has accomplished. He organized something, too, to have demonstrated lutely serviceable, yet so cheap that sons of moderate means. This, too, the company in 1903, with \$100,000 that industrial success does not dehe calls a form of selfishness:

(From the Philadelphia North | along the street it gives me personal pleasure. I say to myself, 'I made it possible for that man to have a car.' I want to make it possible for nearly every one to ride in an automobile. It will mean that much more pleasure for me. It's just a matter of selfishness."

> Profit-sharing with his workers and care for their interests are not new things with him. For years each employe has received 5 per cent bonus at the end of his first year, 7 1-2 per cent the second year and 10 per cent thereafter. The plant has its own hospital and six first-aid stations, with twenty-eight doctors and many trained nurses in charge. Whenever a worker absents himself an official is sent to his home and prompt aid given in relieving any trouble, whether the need is medical attendance or a temporary loan. Yet Mr. Ford insists that none of this is charity. He says.:

> "I don't believe in charity. If a man works and is paid a decent wage, he doesn't need or want any charity. He deserves to be as independent as anybody else, and he wants to be. homes. Give a man the wages he's entitled to and he'll make his own model home."

> Efficiency is his passion, the secret of his success and the inspiration of his new plan. "I'm not a philanthropist," he says; "I'm a business man. We have long paid high wages, because by doing so we evolved efficiency. By adding shares in the profits to those wages we believe we will increase that efficiency. And in these days that spells success."

It is efficiency that has made the Ford machine shop the largest in the world, not excepting the Krupp's; that produced 200,000 cars during 1913 and will turn out 1,100 a day during 1914; that has just cut the nine-hour day to eight hours-the shifts changing every four hours, so tribution are the result of business as to avoid overcrowding the street methods which those who dominate cars which carry the workers to their

Efficiency means this: Twelve lone more than set new marks for thousand dollars was paid for a ma- A government commission is investichine to bore holes in engine castings, but that machine bores fortyfive castings in one operation, with more accuracy and dispatch than forty-five men could do the work. It means 10,000 workmen, each a wellpaid specialist, trained to a few expert motions with tool or machine. It means the production of two finished chassis a minute during working hours. It means that a thousand and one parts can be assembled and a car run out of the shop under its own power in six and one-half minutes. It means that every one of those parts can be made from raw material and a complete car assembled in two hours and a half.

Immersed in devising methods and getting results like these, Mr. Ford has actually neglected matters of business men. This is from a New York Herald interview:

"'But weren't you afraid,' it was asked, 'to make this announcement 20,000 men and women prosperous with the new tariff bill just a law and contented rather than in making and the currency bill threatening un- a few multi-millionaires." settled conditions?' This was evidently one of the funniest things Mr. Ford had heard all day.

"'Do you know,' he said, 'I haven't about.'

"Every time I see a Ford car going \$2,000,000. The seven stockholders efficiency, and that the industry ex-

embraces four-story and six-story fit to the people. buildings covering nearly sixty acres. A new power plant costing \$1,500,-000 is now being erected. And mark this:

"'Let me tell you, said Mr. Ford, may explain a lot to some of those who are so distressed over the impracticability of our distribution scheme. We don't borrow money. When we first started business we decided we would be our own bankers. We started with about \$50,000 cash, and, except for brief accommodation at the bank, have never borrowed money. I always stood out against heavy borrowing. I felt that if we went into Wall street, Wall street would soon get us.'

It will be observed that the Ford system defies one of the cardinal principles of "big business." In fact it defies all of them.

It would have been the easiest thing in the world for a Wall street management to increase the capital stock faster than the profits, thus concealing the enormous earnings. A gain of \$1,000,000 net, under such auspices, would mean the issuance of \$20,000,000 more stock; profits of \$10,000,000 a year, in the Wall street view, would justify the issuance of \$200,000,000 of capitalization. Ford on the contrary, reduced the price of his product; he gave the benefit of his efficient method to the consumer instead of to promoters Let us try to imagine some news dispatches that

"Detroit, September, 1903.-The Ford Motor company, capitalized at \$2,000,000, is to be reorganized by powerful Wall street interests. The capital will be increased to \$20,000,-000. The general offices will be in New York.

might have told the history of the

enterprise under other auspices:

"New York, June, 1909 .- The net earnings of the Ford Motor company for the last year were \$10,000,000. The capital is to be increased to \$200,000,000. The price of the cars will remain the same.

"Detroit, November, 1910 .- As a result of the strike at the Ford plant, the state militia has been called out. gating.

"Washington, February, 1911 .-The commission investigating conditions at the Ford plant reports that 62 per cent of the employes are aliens. Many of them work twelve hours a day. Drastic recommendations are made for better conditions of labor and housing of the workers.

"New York, February, 1911 .- Officers of the Ford Motor company bitterly denounce the report of the government commission. They declare that it will be absolutely necessary to reduce wages or increase the price of their cars if they are to earn a fair dividend upon the capital stock.'

The explanation of "Ford's folly' seems to be that he is an engineer instead of a financier, a manufacturer of automobiles instead of a manufacturer of securities.

"We believe," he says, "in making

To put an automobile within the reach of half a million families; to provide means of cheap, rapid transportation for hundreds of thousands paid any attention to that tariff bill of merchants, farmers, professional at all. I'm in the automobile busi- men and pleasure-seekers; to employ ness, and I haven't considered the 20,000 workers at high wages, and currency and tariff worth worrying to distribute \$10,000,000 in co-operative profits in a single year-these Now, let us look at what his sys- are fine achievements. But it is capital, which later was increased to pend upon special privilege, but upon

-Mr. Ford owns 55 per cent-last ploited according to the Wall street year divided \$25,000,000. The plant system is a burden instead of a bene-

## LET THE LAW SAY "THOU ART THE MAN"

The conscience of the whole nation in behind President Wilson's demand one of our business principles, which that guilt be made personal. Every one knows, as he said in his address to congress, that every act of business is done at the command of some person or group of persons; just as every act of government is the act of an individual or group of individuals.

> When a citizen suffers wrong at the hands of a public official he seeks redress from the guilty man and not from the political corporation that the man represents. But corporation officials who have been guilty of offenses against common morality have escaped punishment on the plea that the corporation committed them. The corporation has been punished by a fine. But the fine has merely fixed the price to be paid for such acts. It has been a license fee to be reckoned with in the conduct of business.

Public sentiment has fortunately reached the point where it will no longer tole: ate such a licensing system. Guilt is personal. The man who adopts a criminal policy of business oppression for the purpose of crushing his rivals is as guilty as any evildoer, and he must be held individually responsible for his acts. Unfair competition is a crime, whatever form it takes. If the law that the president suggests shall stiffen the backbone of the attorney general until he begins to demand the punishment of the guilty under the old law the abuses will stop .- Philadelphia Public Ledger.

## BOOKS RECEIVED

"Tuberculosis - Its Cause, Cure and Prevention," by Edward O. Otis, M. D., professor of pulmonary diseases and climatology Tufts College Medical school, etc., etc. Published by Thomas Y. Crowell Company, New York. Price, 1.25 net.

"For You and Me," (poems), by Nixon Waterman. Davis & Bond publishers, 530 Atlantic Ave., Boston, Mass. Price, 50 cents, postage cents.

"Public Papers of William Sulzer, Governor," January 1 to October 17, 1913. J. B. Lyon Company, printers, Albany, N. Y.

"The Mexican People: Their Struggle for Freedom," by L. Gutierrez De Lara, author of "Story of a Political Refugee," and "Les Bri-bones" and Edgeumb Pinchon. Illustrated from photographs. Doubleday, Page & Co., Garden City, New York. Cloth, net \$1.50.

"The Picket Line of Democracy in America," an address by J. F. Cronin, Seattle, Wash., March 17, 1914. Published for the amusement of real democrats, the guidance of would-be democrats and the excitement of Tories.



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