

Introduction to *Dodge v. Ford Motor Co.*: Primary Source and Commentary Material

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Original documents in historic cases provide a uniquely valuable perspective on the cases themselves and the surrounding circumstances and history that contribute to the development of legal principles. Understanding that access to historical materials can be difficult, the *Chapman Law Review* has endeavored to collect source documents regarding the case of *Dodge v. Ford Motor Co.*¹ After a short introduction to this compilation, including a discussion of research methodologies, several key historical documents are reproduced and transcribed that we hope will aid future researchers.

In a Michigan courtroom in 1917, Elliot Stevenson is cross-examining industrialist and Ford Motor Company majority shareholder Henry Ford. Stevenson represents minority shareholders Horace and John Dodge, two brothers who had sued the very profitable Ford Motor Company for withholding dividends and proposing to spend corporate funds to build a new facility, one that would eventually become the largest automobile manufacturing plant in the world.²

Stevenson is grilling Ford about his plans for the new plant:

Stevenson: Who is doing that sort of thing now?

Ford: Nobody.

Stevenson: Nobody?

Ford: No.

Stevenson: You are going to experiment with the Ford Motor Company's money, to do it, are you?

* Hugh and Hazel Darling Foundation Library Director and Professor, Dale E. Fowler School of Law at Chapman University. I would like to thank Patricia Pelz Hart, Lawyer/Librarian at the Dale E. Fowler School of Law at Chapman University for researching and obtaining the source documents, Debbie Lipton, for her assistance in researching and support, and the editors of the *Chapman Law Review* for transcribing the historical materials.

¹ 170 N.W. 668 (Mich. 1919).

² *Id.* at 668, 671.

Ford: We are not going to experiment at all; we are going to do it.

Stevenson: Nobody yet has ever done it?

Ford: That is all the more reason why it should be done.

Stevenson: Therefore, you are going to undertake to do something that nobody else has done, that nobody else has even tried to do?

Ford: Oh, certainly. There wouldn't be any fun in it if we didn't.

Stevenson: You are going to find some fun in it?

Ford: Yes, certainly.

Stevenson: But at the expense of the Ford Motor Company?

Ford: That is all I am working for at the present time, is to have a little fun, and to do the most good for the most people, and the stockholders.

Stevenson: I understand that is the principal thing that you have in mind, doing the most good for the most people?

Ford: And the stockholders, and everybody.³

Then, Stevenson queries Ford about a statement Ford made in an interview with the *Detroit Evening News* a week or so before trial.

Stevenson: What I have reference to, Mr. Ford, is the statement contained in your published statement in the Evening News a week or so ago. "Bear in mind, every time you reduce the price of the car, or reduce the quality, you increase the possible number of purchasers. . . . [L]ess profit on each car, but more cars, more employment of labor; and anyway, we will get all the total profits that we ought to make. And, let me say right here, that I do not believe we should make such awful profits on our cars. A reasonable profit is right, but not too much. It has been my policy to force the price of the car down as fast as production would permit."

And so forth. Is that your statement?

Ford: Yes.⁴

Stevenson zeroes in on the crux of the matter:

³ Transcript of Record at 211, *Dodge v. Ford Motor Co.*, 170 N.W. 668 (Mich. 1918) (No. 47) (from State of Michigan, Circuit Court of Wayne County; cross-examination of Ford).

⁴ *Id.* at 219.

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Stevenson: And . . . you were not satisfied to continue to make such awful profits?

Ford: We don't seem to be able to keep the profits down.

Stevenson: You are not able to keep them down; are you trying to keep them down? What is the Ford Motor Company organized for except for profits, will you tell me, Mr. Ford?

Ford: Organized to do as much good as we can, everywhere, for everybody concerned.

Stevenson: Do you know anything in the law that discusses anything about doing people good, in connection with the manufacture of automobiles, or any other manufacturing business?

Ford: I don't know very much about law.⁵

Out of these colorful courtroom exchanges (among others similarly pointed) arises one of the significant early cases in U.S. corporate law.

Forced to reconcile Ford's remarkably blunt statements⁶ with traditional corporate purposes, the trial court sided with the Dodges, ordering a dividend and enjoining Ford's proposed new plant.⁷ Michigan's Supreme Court, however, was more circumspect, and overturned the lower court—ordering a dividend to be paid, but otherwise declining to block the new plant.⁸

To this day, *Dodge v. Ford Motor Co.* remains instructive on a number of points of corporate governance and the role of courts in adjudicating shareholder disputes. The case is widely cited for the proposition that “[a] business corporation is organized and carried on primarily for the profit of stockholders,”⁹ though the proper contours of corporate purpose are still the subject of much modern debate.¹⁰

To understand the business environment that existed in the early twentieth century, scholars today can find much value in historical source material such as trial transcripts, interviews,

⁵ *Id.* at 221.

⁶ Professor M. Todd Henderson calls it “among the worst testimony given by any corporate defendant in any trial at any time.” M. Todd Henderson, *The Story of Dodge v. Ford Motor Company: Everything Old Is New Again*, in *CORPORATE LAW STORIES* 37, 61 (J. Mark Ramsey ed. 2009).

⁷ *Dodge v. Ford Motor Co.*, 170 N.W. 668, 677 (Mich. 1919).

⁸ *Id.* at 684.

⁹ *Id.*

¹⁰ See generally Henderson, *supra* note 6; Lynn A. Stout, *Why We Should Stop Teaching Dodge v. Ford*, 3 VA. L. & BUS. REV. 163 (2008); Jonathan R. Macey, *A Close Read of Excellent Commentary on Dodge v. Ford*, 3 VA. L. & BUS. REV. 177 (2008).

and newspaper articles published as the events were unfolding. Contemporary newspaper coverage provides insight into the conflicts at the core of the dispute, the circumstances of the case, and the perspectives of the parties leading up to the controversy and as it made its way through the courts. Henry Ford explained many of his business theories in great detail in an interview with the *New York Times* several years prior to the lawsuit,¹¹ and he delivered an unapologetic response to the trial court decision in an interview with the *Detroit News*.¹² Ford's interviews and trial testimony bring his personality to life and vividly illustrate the reasons for his actions and the strength of his convictions in his own words.

Finding these types of historical source documents is challenging because they may not be published (in the case of trial court documents) and are not available electronically, in part because of the age and obscurity of the sources.

Specialized legal databases, commercial digital archives, and independently produced digital repositories allow legal researchers to find a wealth of information that was previously accessible only in print. But that has led to the mistaken assumption that everything worth finding is online, and if information is more than a few clicks away, it may as well be on another continent. The "Googlization" of research has encouraged an over-reliance on less than authentic and reliable sources, and has resulted in more superficial and inaccurate research.¹³ Search engines like Google are great for finding *some* information on almost any topic, but for scholars who need to find *precise* information, they can be hazardous.¹⁴ The Internet is rife with unreliable and inaccurate information.

¹¹ *Henry Ford Explains Why He Gives Away \$10,000,000*, N.Y. TIMES, Jan. 11, 1914, available at <http://query.nytimes.com/mem/archive-free/pdf?res=9D03EFDF1E39E633A25752C1A9679C946596D6CF>.

¹² *Henry Ford Makes Reply to Suit Brought by Dodge Brothers*, DETROIT NEWS, Nov. 4, 1916, at 1.

¹³ See Steven G. Bell, *The Infodiet: How Libraries Can Offer an Appetizing Alternative to Google*, CHRON. HIGHER EDUC. (Feb. 20, 2004), chronicle.com/article/The-Infodiet-How-Libraries/4458/; Jan Brophy & David Bawden, *Is Google enough? Comparison of an internet search engine with academic library resources*, 57 ASLIB PROCEEDINGS 498 (2005), available at <http://www.soi.city.ac.uk/~dbawden/bawden%20and%20brophy%20ap.pdf>; Konstantina Martzoukou, *Students' Attitudes Towards Web Search Engines – Increasing Appreciation of Sophisticated Search Strategies*, 58 LIBRI 182 (2008), available at <http://www.librijournal.org/pdf/2008-3pp182-201.pdf>.

¹⁴ The usefulness of Google Books to the casual searcher, as opposed to scholars, is evident in a comment by Sergey Brin (the co-founder of Google): "We just feel this is part of our core mission. There is fantastic information in books. Often when I do a search, what is in a book is miles ahead of what I find on a Web site." Motoko Rich, *Google Hopes to Open a Trove of Little-Seen Books*, N.Y. TIMES, Jan. 5, 2009, at B1, available at 2009 WLNR 182925.

The Google Books project,¹⁵ designed to create the “world’s largest digital library”¹⁶ by scanning the collections of major research libraries, sounds like a wondrous thing for all involved (all the books in the world at your fingertips!). Produced by a huge corporation with the resources to do the seemingly impossible, it is not without significant problems, especially for researchers who need to rely on the accuracy of information. Google Books has become a prime example of issues inherent with mass digitization of print publications—not only the quality of scanned documents—but more importantly, the accuracy of metadata.¹⁷ Metadata is the information that identifies specific works; the date of publication, edition, author, and subject classifications—it allows researchers to access particular sources; gather and compare works by authors, subjects, and time periods; trace the evolution of ideas; and engage in substantive analysis in order to draw conclusions. But errors and omissions in metadata make scholarly research more difficult.¹⁸

At the same time, the art of historical research is being lost. Thorough historical research requires skill, tenacity, an awareness of resources that exist in different formats, and a certain amount of effort. Not so long ago, legal scholars routinely tracked down sources wherever they could find them, and were undaunted by using print indexes or scrolling through rolls of microfilm. That kind of research now seems anachronistic—the stuff of moody historical novels and period films set in dusty, antiquated libraries. Resources that have not been digitized, and may never be, are likely to be forgotten, the information they

¹⁵ See GOOGLE BOOKS, <http://books.google.com/>.

¹⁶ Miguel Helft, *Federal Judge Rejects Google’s Negotiated Deal to Digitize Books*, N.Y. TIMES, Mar. 23, 2011, at B1 (“Google’s ambition to create the world’s largest digital library and bookstore has run into the reality of a 300-year-old legal concept: copyright.”), available at 2011 WLNR 5638818.

¹⁷ See Geoffrey Nunberg, *Google’s Book Search: A Disaster for Scholars*, CHRON. HIGHER EDUC., Aug. 31, 2009, available at <http://chronicle.com/article/Googles-Book-Search-A/48245/>; GEOFF NUNBERG, GOOGLE BOOKS: THE METADATA MESS, GOOGLE BOOK SETTLEMENT CONFERENCE, UC BERKELEY, Aug. 28, 2009, available at <http://people.ischool.berkeley.edu/~nunberg/GBook/GoogBookMetadataSh.pdf>; Geoffrey Nunberg, *Counting on Google Books*, CHRON. HIGHER EDUC., Dec. 16, 2010, available at <http://chronicle.com/article/Counting-on-Google-Books/125735>.

¹⁸ “A search for books published before 1950 and containing the word ‘Internet’ turned up the unlikely bounty of 527 results. Woody Allen is mentioned in 325 books ostensibly published before he was born. Other errors include misattributed authors – Sigmund Freud is listed as a co-author of a book on the Mosaic Web browser and Henry James is credited with writing ‘Madame Bovary.’ Even more puzzling are the many subject misclassifications: an edition of ‘Moby Dick’ categorized under ‘Computers,’ and ‘Jane Eyre’ as ‘Antiques and Collectibles’ (‘Madame Bovary’ got that label, too).” Laura Miller, *The trouble with Google Books: How rampant errors threaten the scholarly mission of the vast digital library*, SALON (Sept. 9, 2010), http://www.salon.com/2010/09/09/google_books/.

contain lost, and with it their potential contribution to the collective exchange of ideas.

Access to historical newspaper articles depends on the publication. Traditionally, newspapers like the *New York Times* published volumes of print indexes, and the articles themselves could be found in large bound volumes or microform; but researchers had to go to a library that owned them. Commercial vendors have created digital archives of significant national newspapers,¹⁹ but they are very costly and access is restricted by the terms of the purchasing library's agreement with the vendor, usually to those affiliated with the academic institution. In addition, databases may contain only partial coverage of publications, or include the text but not accompanying images. Other resources, such as regional and local newspapers, may not be online at all.

Historical trial transcripts, if they exist, are notoriously difficult to locate. If a trial is of sufficient notoriety, they may be part of a digital archive, or if the trial court decision is appealed, transcripts may be included in the appellate court's records and briefs (which can also be difficult to obtain). Court records and briefs are often not online,²⁰ and are not "published" (or cataloged) in the usual sense, so it is difficult to determine if libraries own them. The courts themselves are most likely to have historical trial documents, but court policies vary wildly; not all trial transcripts are produced, and if they are, it is common practice to move them to off-site storage or discard them after a certain period of time. In addition, obtaining them often requires a trip to the courthouse and significant fees. The Detroit court where the *Dodge v. Ford* trial took place keeps records for only fifteen years. Attorneys involved in the litigation may have owned trial transcripts, but after so many years it is unlikely that the attorneys will be living, that their firms exist in a similar form, or that their files have been kept.

In some states, law libraries may have agreements with state courts to serve as repositories for records and briefs. The coverage and format varies according to the age of the law library, space limitations, and more recently, state budgets, and access requires going to the library to use them. For a geographically distant researcher, the options may be limited to hiring a local research service or depending on the kindness of

¹⁹ See, e.g., *ProQuest Newsstand*, PROQUEST, <http://www.proquest.com/en-US/catalogs/databases/detail/newsstand.shtml>.

²⁰ With the exception of U.S. Supreme Court Records and Briefs, and more recent court documents that require electronic filing.

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strangers with research skills. In this case, the Thomas M. Cooley Law Library in Lansing, Michigan, owns a collection of Michigan Supreme Court records and briefs, and we were fortunate to find a law librarian²¹ willing to dig through boxes of court records for the years leading up to the 1919 decision. The Michigan Supreme Court Record, consisting of over 800 pages, contains a wealth of information that cannot be found elsewhere. The documents attest to the hard-fought, acrimonious nature of the trial, including the transcripts of testimony from eighteen witnesses that took place between May 21, 1917 and June 7, 1917, listed by direct, cross, and multiple re-direct, and re-cross examinations. The Record also includes the trial court pleadings, minutes of director's meetings, financial statements, contracts, newspaper articles, letters, and photographs.

Similar to newspaper archives, commercial publishers have created archival collections for famous trials.²² Academic institutions and other organizations are creating free digital repositories of material for historically significant collections that would otherwise be inaccessible.²³ However, most legal principles are not created by a singular dramatic event, and lack the notoriety that might give rise to sufficient interest to undertake a digital archival project like those cited above. But generally, laws are products of the unique social and economic environment at a point in history and, like *Dodge v. Ford Motor Co.*, often have complex competing interests, strong personalities, and background stories that inform a full understanding of how the law developed as it did.

As current scholars explore legal concepts rooted in influential, historical cases and the circumstances that contributed to their development, it is a worthwhile endeavor to provide access points to original source documents. With that in mind, we have reproduced and transcribed the following selected articles and trial testimony:

²¹ Our thanks to Eric Kennedy, Reference and Administrative Services Librarian, Thomas M. Cooley Law Library.

²² See, e.g., *The Making of Modern Law: Trials, 1600–1926*, GALE DIGITAL COLLECTION, <http://gdc.gale.com/products/the-making-of-modern-law-trials-1600-1926/>; *World Trials*, HEINONLINE, <http://heinonline.org/HeinDocs/Trials-new.pdf>.

²³ See, e.g., *Arizona v. California*, WILLIAM A. WISE LAW LIBR., <http://lawlibrary.colorado.edu/arizona-v-california-collection/>; *Trial Pamphlets Collection: Contemporary accounts of trials from the 1600s to the 1800s*, CORNELL UNIVERSITY L. LIBR., <http://ebooks.library.cornell.edu/t/trial/>.

1. Henry Ford Explains Why He Gives Away \$10,000,000: Declares That He Is Dividing Profits with His Employees, Not Paying Them Higher Wages, and That Workers as Partners Will Give Increased Efficiency
 N.Y. TIMES, Jan. 11, 1914..... 502

In a magazine-style article with local reporting, Henry Ford gives a substantial interview regarding the business case and his rationale for profit-sharing with labor in the early days of Ford Motor Company.

2. Dodges Sue Henry Ford: Stockholders Object to “Reckless Expenditures” of Company’s Assets
 N.Y. TIMES, Nov. 3, 1916 514

A brief announcement that the Circuit Court granted the Dodge brothers a temporary injunction restraining Henry Ford from using assets of the Ford Motor Company as he planned.

3. Newspaper Specials
 WALL STREET J., Nov. 4, 1916 515

A brief article providing financial details (including earnings and dividends) contained in the complaint filed by the Dodge brothers, and the temporary injunction issued against the Ford Motor Company, calling Ford’s plans “reckless in the extreme.”

4. Ford Makes Reply to Suit Brought by Dodge Brothers: Says Present Plans of Expansion Are Only in Line With Past History of Company
 DETROIT NEWS, Nov. 4, 1916 516

A substantial interview with Henry Ford and his attorney Alfred Lucking regarding details and circumstances of the Dodge brothers’ lawsuit and Ford’s response.

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5. Ford Denies Recklessness: Asserts He Cannot Hurt the
Dodges Without Injuring Himself
N.Y. TIMES, Nov. 5, 1916 522

Article quoting from a statement issued by Henry Ford in response to the temporary injunction: "They own 10 per cent of the stock and I own about 58 per cent. I can't injure them \$10 worth without at the same time injuring myself \$58."

6. Transcription of *Dodge v. Ford*
Cross-Examination of Henry Ford..... 523

Excerpts of Testimony of Henry Ford.

7. Ford Loses Dodge Bros. Profit Suit: Judge Hosmer Orders
50 Per Cent Division of \$59,000,000 Dividends. Ruling
Reviews Rise of Motor Company
DETROIT NEWS, Oct. 31, 1917 575

Article describing the trial court decision in favor of the Dodge brothers, ordering a distribution of 50% of the company's profits. Ford's attorney announced plans to appeal.

8. Henry Ford Beaten in \$60,000,000 Suit: Dodge Brothers
Win Action for Disbursement of Dividends
N.Y. TIMES, Nov. 1, 1917 578

A brief article announcing the trial court decision in the Dodge brothers' lawsuit and Ford's intent to appeal.

***Henry Ford Explains Why He Gives Away
\$10,000,000
Declares That He Is Dividing Profits with His
Employees, Not Paying Them Higher Wages, and That
Workers as Partners Will Give Increased Efficiency.***

N.Y. TIMES (1857–1922), Jan. 11, 1914, at SM1.

A sixteen-year-old lad decided one day that he was “through” with farm work. He wanted to be a machinist. He walked eight miles to Detroit and applied at one of the biggest machine shops for a job. He got it.

Some years later the youngster went to a bottling establishment and saw for the first time a gasoline engine at work. He had been experimenting for years on an idea that a road vehicle ought to be made to propel itself, but the weight of a steam furnace and boiler seemed an insurmountable obstacle.

He saw the boilerless stationary engine doing the same kind of work as the small steam engine, and an idea came to him: Why not put a similar engine on wheels?

He did it. Two years of hard labor in spare times it cost him, for he had to fashion every part of the thing himself.

But another inventor, he learned afterward, had obtained what many people seemed to think a blanket patent for a gasoline engine. Most of the others who started in to develop the automobile were frightened into acknowledging the monopoly of the idea, and for years paid tribute to that monopoly in the shape of a royalty on every machine they made.

Not so with Henry Ford. He knew his engine was different from the type covered by the Selden patent, and he determined to fight. At first he had allies. When the lower courts decided against him these fell away, but he continued his contest single handed. He won.

Within ten years from the time he started his present business he built up the biggest automobile manufacturing plant in the world. He dumfounded foreign manufacturers by a demonstration that he could turn out cars that could go, and stand hard service as well, at a fifth or a sixth or less of the price at which they could afford to sell them, and his factory grew so fast that he came to turn out completed automobiles in less time than rivals could manufacture some parts.

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Last year, so successful was his business, his company, on a capital of \$2,000,000 made profits of \$25,000,000. It is asserted that no other industry of the present time, where money has been legitimately invested and where work is actually done—not mere high financing—can show a like result.

Such is a brief story of Henry Ford.

His Startling Announcement.

On Tuesday the whole world was startled by the announcement in the newspapers that this same Henry Ford or the company of which he is the biggest owner had adopted a scheme of sharing equally its profits with its employes. Fifty per cent. of its net profits, it was told, the company would take. The other 50 per cent., estimated for the year 1914 at \$10,000,000, would be distributed among the men working for the Ford Company on a new plan. It would be given in the regular pay envelopes handed out every week, in proportion to the daily wage now received.

Of such importance was this dividend that in some cases it was more than equal to the wage a man actually received for his work. The lowest paid employe, the sweepers, who receive \$2.34 a day for work which in New York City may claim \$1 to \$1.50, was to receive \$5. That sum, it was announced, was to be the least given to anybody in the establishment over twenty-two years of age.

In the open-mouthed wonder resulting from this announcement the public has hardly had time to realize what this means. While the course of Mr. Ford and his associates has been generally approved, the very novelty of the plan has provoked doubt as to its practicability. That Mr. Ford, by this unprecedented generosity, has made it difficult for those employers of labor who have to figure on very small profits, and who, therefore, cannot increase wages without wrecking their business, has been pointed out. The scheme has been pronounced Utopian, or, at least, extremely altruistic, and some critics have pronounced it foredoomed to failure.

A special correspondent of THE TIMES went out to Detroit to see what manner of man this was that seemed to be shoveling out money by the million to men who were already said to be better paid than any other workmen in the automobile industry, and just why he was doing it—if, perhaps, there was any reason that had not been made known.

The story of Henry Ford in the last ten years is almost the story of Detroit, which in that time has grown to a

manufacturing centre of the first magnitude, and the centre of the automobile industry in the United States. A boy on the farm he was, with a hankering for fixing watches and machinery that were in the habit of getting out of order when there was no itinerant repairer going about. Then a machinist. Then a man with an idea. That idea has meant millions for himself and has played a big part in the development of Detroit.

Mr. Ford is a tall, slim, keen-eyed, alert man, who is apparently never too much occupied to see anybody that actually has something to talk over with him; a man who is just fifty, in perfect health, and as active as any of his young employes; a man who speaks in millions with no more effort than many of us think in single dollars. Mere money-getting and the spending of it do not seem to have absorbed Henry Ford. He still spends half the day in his factory, much of the time in going through it, exchanging a word here and there, or making a suggestion.

Then, his actual workday done, he gets into his own car and heads, not for his fine house in the city, but to his place in the country, the farm on which he was born. For he is a man with a hobby, and that hobby is farming and the care and conservation of wild creatures, particularly birds. On that farm he is building a big house, and he expects before many years to pass most of his time there.

All over the place are scattered houses for birds and means of feeding them; and these, finding lodging and food provided so bountifully, flock to the place. Mr. Ford has taken an active interest in all legislation designed to protect wild birds, and is now working to have a treaty made with Canada to further the protection of game birds.

If you look about Detroit for a sign of the Ford Motor Company you will find in the outskirts a huge concrete structure bearing the company's name. But this is only a warehouse. To find the place where much of the prosperity of the city has its origin you have to board a trolley car for a six-mile journey into the country to a fashionable suburb.

For the manufacturing plant of the company is at Highland Park. To be more definite, it is on a spot where people used to throw away money on race horses. The great office building stands on what used to be the race track, and now, where the cries of the bookmakers and the cheers of winners used to resound, the roar of acres of machinery is continuous.

When one learns that Henry Ford has a son, a young man, one's first thought is—is he the familiar type of son of the usual unusually successful man? Should not the father, one cynically

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asks, be hoarding up money so that his successor may make ducks and drakes of it? If you suggest that to Mr. Ford he smiles.

“My son,” he says proudly, “is in the business. When he finished the high school last year I had him come right into the factory. All the bodies of our cars he designs himself, and I have no fear that he will not be able to take care of himself. My son is a worker.”

Crowd Threatened with Fire Hose.

On Tuesday, following the announcement that appeared in the morning papers, a crowd of something like 10,000 men flocked to the gates of the factory, at Highland Park, besides the 15,000 men that went there to their regular work. It had been announced that the company was going to take another 5,000 men in addition to its present force. The idea of making \$5 a day or more made a strong appeal. At many factories workmen reported late that day. The police had to appear in strong force, and while the crowd was told that nobody would be engaged at the works many persisted in lingering. To disperse then a show had to be made of bringing up a fire hose.

Wednesday morning, one who rode out to Highland Park about 9 o'clock found the car packed, and policemen were busy at the entrance of the big factory keeping away such as had no errand there. At the same time, Ford agents were stationed at various points in the town taking on men who seemed to meet the requirements.

Highland Park is not a workingman's colony. It is a fashionable residential place. A few of the workmen live near by but the great number live in the city and come out on the cars. Under the new three-shift which will be installed men will keep coming and going all the time. In fact, shifts begin work each of the first six hours of the eight. This solves the transportation problem and makes it possible for the street car company to handle the workingmen without difficulty.

When you get off the street car you view an assemblage of four and six-story buildings covering the greater part of sixty acres, each one as fire-proof as possible, and the windows so arranged that in case of a fire their frames, being of iron, may be used as ladders, the glass being knocked out.

In the vast lobby of the big office building a crowd of men were sitting, waiting to see various officials of the company. A clear-eyed, clear-headed young woman commanded the scene from behind a desk on a raised platform.

Mr. Ford was found on the second floor in a big office at the left-hand corner of the front. In discussing his excellent health, he said:

“The only boiler that bursts is one which has too much fuel. No man need be sick in my opinion, if he exercises a moderate care in the food he consumes. Even the mistakes that are made in childhood in the matter of feeding I believe can be overcome if one tries.”

When he guided the visitors through the vast building where the automobiles that bear his name are made one was able to discover one secret of the success of the business. That is specialization. A glance through the vast forest of machinery, with its veritable jungle of presses and stamps and furnaces, the overhead railway, with its regular service, maintained by a manager and a force of eighty men, gave an impression of bustle and confusion. But if one picked out a single workman and regarded him for a minute, one found that as a rule that workman's duty was to make four or five motions—nothing more. The machine he was operating required a stroke of this lever or that, and, presto! out came the finished product.

Indeed, when you watched closely, nobody seemed to be hurrying. He performed the few motions his work required him to make, and that was all. There was no haste. It was all just—clockwork!

A man wearing overalls and a good deal of grease passed.

“Hello, Henry,” he called. “I tell you you are the boy that's always doing the big thing,” slapping Mr. Ford on the back.

The latter returned a pleasant greeting and the slap.

“He used to be a fireman when I was with Edison company,” he said. “By the way, we have with us the first man we ever employed.”

There are twelve physicians in the building, with a main hospital and six first-aid stations. Besides their medical and surgical work the doctors have to do a sort of sociological work in looking after the employes.

Once back in his office Mr. Ford introduced his son, Edsel B. Ford, a youth of twenty, who seemed to be on friendly terms with everybody, and who was waiting to make a report, and then he gave himself up to be interviewed.

“I was born only eight miles from Detroit,” said Mr. Ford, in answer to a question. “I still own the farm on which I was born. I

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am going to sell my place in the city and build a house out there and live there the rest of my life.

“After I had learned my trade as a machinist, I went to work for the Edison Company, when it first started in Detroit. In that way I came to meet Thomas A. Edison, and I may confess to you he has been one of the great inspirations of my life.

“In my opinion Edison to-day is the top man of the world. He is the man who has done most for it.”

Mr. Ford crossed the office and took down a photograph of the great inventor.

“I think a lot of this,” he said. The photograph bore the inscription:

To Henry Ford, one of a group of men who have helped to make the U. S. A the most progressive nation in the world.

THOS. A. EDISON.

“It was in 1891 that I started at work on my first gasoline engine,” said Mr. Ford, in answer to a question. “I was working on it for two years. I made every part of it myself. I had seen a gasoline engine at the bottling works in Detroit. It was a slow-speed machine.

“Called Me Crazy.”

“As I said, I labored on my car for two years. There was absolutely no part of any kind to be had for a gasoline engine in this part of the country, and that is why every part of the car had to be fashioned by my own hands.

“It was the first gasoline machine ever seen on the streets of Detroit, and, though people made a lot of fun of it and called me crazy, the car actually went.

“But four or five years passed before I made any effort to commercialize my new machine, and, in fact, I built a second car before I did so. Then I organized a small company and started to turn out automobiles, but for personal reasons I got out of it and started this company in 1903.

“Our first factory was a little frame building on Mack Avenue, Detroit. Within two years the business had outgrown it, and we built and moved into brick buildings covering about three acres.

“In four years more these quarters had become too small, and four years ago we moved to this sixty-acre plot, which, as you see, is now almost entirely covers with four and six-story buildings.

“I may tell you that from the first I always had the idea of making quantity, and I believe I got it from what I once heard Mr. Edison tell his father-in-law, in reference to making mowing machines in Buckeye, Ohio: ‘What you want to do, in order to make money, is to make quantity,’ he said. That made a strong impression on me.

“In reasoning it out I came to the conclusion that that was the proper thing to do in the manufacture of automobiles. In my opinion, and in the light of what experience has shown me, the way to put this principle in force the world over is for every manufacturer to concentrate his attention upon one thing, and make quantities of it, at a small profit on each article.

“It was the Selden patent fight that forced us into establishing branches around the world. Lawsuits and threats of lawsuits naturally made some people timid about buying our cars.”

“What gave you the nerve or the courage to fight the Selden patent when so many manufacturers surrendered without a blow?” Mr. Ford was asked.

“Well, you see, as a mechanic and engineer, I was able to look over the Selden patent and its drawings, and decided for myself that I had not infringed upon it.

“Most persons seemed to think that the Selden patent was of a blanket type, covering everything in the nature of a gasoline engine. Investigation showed me it covered only a certain type of gasoline and liquid hydro-carbon engine.

“Now we were using an entirely different type of engine cycles. The Selden type could not be made small and light. It was a low pressure engine, while ours was a high compression kind.

“Well, that was a hard fight. For seven years it was bitterly contested in the courts. They beat us at first in the Federal District Court of Southern New York, but when an appeal was made, we won.

“By this time we were alone. At first we had had a group of other manufacturers allied with us; but at the first decision they flunked.”

“Our capital,” Mr. Ford said in answer to a question, “is \$2,000,000, but our assets now are about \$35,000,000. We have no stock in the market. There are only seven stockholders in the company, and of these Mr. James Couzens and I hold the majority. My own holdings are 58½ per cent.

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“This idea of the distribution of part of our profits without employes, Mr. Couzens, our Vice President and treasurer, and I have been working on for some years,” said Mr. Ford.

“It is not, I may emphasize, an increase in wages. It is a system of profit sharing which we have carefully worked out, and which, we believe, will be successful in operation.

“Our scheme is to distribute among our employes about one-half of the year’s profits. Our men have been efficient and faithful, and we believe they should share in what this means to us.

“At the same time, mind you, we have always paid good wages. Our lowest wage at present is \$2.34 per day. The lowest we pay girls who work in our factory is \$12.50 a week. The work they do is mostly making magnets—all light work.

“We have never had any difficulty in getting plenty of labor, and we have never had any labor trouble.

“Except for supplying a hospital and six emergency or first-aid stations, in our works, to which twelve physicians are attached, we have never attempted to do anything for our employes in the line of what is commonly regarded as social improvement work—I mean by that, we are not in the habit of founding ‘institutions’ for them.

“One reason is we do not believe in paternalism. We consider our employes as independent beings, and we do not believe they would relish paternalism any more than we.”

“But how do you figure that you will be able this year to give your employes \$10,000,000 as half of your profits?” Mr. Ford was asked.

“On the basis of last year’s profits,” he replied. “We made last year \$25,000,000. We figure that this year one-half our profits will be fully \$10,000,000 to \$12,000,000, and that sum we shall distribute to our employes. While this will be distributed in the form of an extra wage, it is distinctly a sort of dividend. We are starting in to pay this dividend on Jan. 12.”

“What do you expect to result from this distribution?”

“For one thing, we shall get increased efficiency. Bear in mind that we are shortening the length of a day from nine to eight hours. I am positive the men will feel a keener interest in their work. Under the terms of the plan, it is not a stated sum that is to be distributed. The figures we name—\$10,000,000 to \$12,000,000—are approximate. The men will get half the profits.

Is it not to their interest to increase their output and thus increase their share of the profits?

“Our eight-hour system goes into effect on the same day the distribution of profits begins. We have a \$5, \$6 and \$7 a day scale for men who work by the day in the factory. For salaried employes and for foremen, there may be a distribution in the way of increases in pay, though the management takes care of a bonus at the end of the year, which extends only to employes of these grades.

“At the present time we consider that our organization is well under control, so that we shall be able to slide into the three-shift plan without a hitch. This means that our factory will run continuously, except on Sunday. We have so many furnaces and so many things that require heat treatment that it is much better to run them continuously than have them slacken down. The fact is, we already have some eight-hour shifts going on the furnaces.”

“But what do you think will be the effect of your example on other automobile manufacturers?” Mr. Ford was asked. “Will they not find it difficult to keep their workmen, not feeling, perhaps, that they can afford to pay wages on a scale that yours, joined with the profit sharing, will amount to?”

“We cannot give employment to all the men in the automobile industry,” was the reply. “Let me tell you something: There is no factory that is big enough to make two models of automobiles. The secret to successful modern business is concentration. Let automobile manufacturers concentrate.”

“And do you expect others to follow your example in the matter of profit sharing?”

“I do. Some of those manufacturers who are making bodies and tops for us will follow this example, and we expect to show them how.”

“But some call your scheme Utopian,” was suggested.

Mr. Ford smiled. “If you remember, there were many ‘practical’ people, so called, who solemnly warned us, several years ago, that it was impossible to make a car for \$500 that would carry anybody anywhere.”

“Something was said in the announcement of your scheme about your following up your employes with sociological investigations.”

“We have had a sociological department connected with our first aid department for some time,” Mr. Ford replied. “It is our

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experience that doctors are in better position to exercise a sort of watchfulness over men than lawyers or superintendents, and our method is to have them straighten up men who show evidences of not keeping up to their standard. It is always possible to straighten a man out, and the doctors find out whether a man takes to drink, and show him the mistake he is making. The main thing is to keep a man busy. Anything that is put into operation for good will always work out. It is very rare that a man has to be discharged.

“It is a matter on which we congratulate ourselves that we have never had a particle of trouble with labor unions. They have never succeeded in organizing our factory. We pay better than anybody else, and we keep close to our men. I keep going through the shops all the time. We keep track of any talent that develops, and many of our men invent devices for assisting or simplifying their work. Such a man always gets advanced.

“Nobody need apprehend,” said Mr. Ford, with a smile, “that we shall not be able to carry out what we have set out to do. Our plan for profit sharing is not a scheme that was born in a moment.

“For my part, I don’t expect to leave much of a fortune when I get through. I believe if a man really wants to do a little good he can accomplish a lot more with his money while he is alive than by willing it so that other people will cut it up for him after he is gone.

“I wish you would lay stress on the fact that it is not higher wages we are going to pay our employes, but profits. We have estimated that we shall be able to distribute a certain amount this year, and we have figured that the best means of apportioning this out is with the regular pay envelopes, instead of in a lump sum at the end of the year.”

“Are you a Socialist?” Mr. Ford was asked.

“I am not sure that I really know anything about socialism. I understand it as a doctrine which is popular among those who want to share other people’s money without doing any work. I don’t believe socialism appeals to me; nor, I may say, do I regard our profit-distribution scheme as socialistic.

“We do not expect to pay anybody anything who does not work. And we can tell here when a man shirks. I could myself go out into the shops to-day and make any piece of a car, and I know when a man is not doing his proper share.”

“But how about the effect of your plan on the automobile labor market? Will you not draw away the best men of other manufacturers?”

“Let me repeat what I said before: The number of men we can employ is limited. Now, we do not know anything about conditions in any other automobile factory than our own. We are trying to do something that we consider for the good of a lot of people. All our men have helped us in our business. We feel they are entitled to share in the profits.

“If you expect to get anything out of a man nowadays you must pay him well. If you want the best there is in him, you must make it really worth his while. You must give him something to live for.

“I do not believe in prolonging the conditions which ever since the civil war have been developing into a curse upon the country, and which in these last few years have caused the Federal Government to step in and make war upon big corporations. You know what I mean—the conditions which have built up a few millionaires and actually pauperized millions or kept them poor. They are out of date.

“I believe it is better for the nation, and far better for humanity, that between 20,000 and 30,000 people should be contented and well fed than that a few millionaires should be made.”

“But suppose,” was suggested, “your profits should dwindle below what you estimate? Suppose there should be no profits?”

“We shall share half. If there are none, then, of course, there will be no sharing. But, I repeat, there will be at least \$10,000,000 to distribute this year.”

“The suggestion has been made that you might let the public in on this by putting a lower price on your cars.”

“We shall continue to make our cars better and cheaper, and we shall cut the price regularly every Fall. With increased economy in manufacture we shall be able to lower the price next Fall by fully \$30—perhaps by more. If we have to lay off men on account of overproduction, or for any other reason, we shall do this during the Summer, in time for them to go to the farms and help in the harvesting.

“Let me tell you one of our business principles which may explain a lot to some of those who are painfully distressed over the impracticability of our distribution scheme,” Mr. Ford continued. “We don’t borrow money.

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“When we first started business we decided we would be our own bankers. Now, we started last Fall with between \$15,000,000 and \$20,000,000 of our own money to keep us going through the Winter. And I may tell you that so far we haven’t had to draw on that fund.”

Dodges Sue Henry Ford.
Stockholders Object to “Reckless Expenditures” of
Company’s Assets

N.Y. TIMES (1851–2009), Nov. 3, 1916, at 12.

DETROIT, Nov. 2.—John F. and Horace Dodge, automobile manufacturers and stockholders in the Ford Motor Company, obtained a temporary injunction in the Circuit Court here today, restraining Henry Ford from using the assets of the Ford Motor Company to extend the business as planned, instead of distributing profits in dividends.

In their application to the court, the Dodge brothers allege that increased labor costs and unstable business conditions, coming at the end of the war, make “reckless expenditures of the company’s assets unwise.”

The company’s annual statement issued recently, showed profits of several million dollars, which, it was announced, would be put back into the business.

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Newspaper Specials

WALL ST. J. (1889–1922), Nov. 4, 1916, at 2.

John F. and Horace E. Dodge, owners of the Dodge Bros. Motor Car plant, and holders of 10% of Ford Motor Co. stock have secured a temporary injunction against Henry Ford to restrain the Ford Motor Co. from disbursing and re-investing its surplus earnings in the extension of the business following the declaration by Mr. Ford at the end of the last fiscal year that no special dividends in the future would be declared by the company. Bill recites that \$34,000,000 had been distributed from January, 1914, to October, 1915, in addition to regular monthly dividends of 5%. No declaration was made at the end of the last fiscal year, although earnings reached \$60,000,000. It is alleged that Mr. Ford owns 58% of the stock of the company and he is contemplating investing millions in iron ore mines in the northern peninsula of Michigan or Minnesota; building ships and establishing steel manufacturing plants. The bill also states that this policy in view of the increased labor and material costs and uncertain business conditions is “reckless in the extreme” and demands that at least 75% of the accumulation of the cash surplus and in the future all earnings of this company be distributed to stockholders.

Ford Makes Reply to Suit Brought by Dodge Brothers

Says Present Plans of Expansion Are Only in Line With Past History of Company.

Declares That on Investment of \$10,000 Dodges Have Drawn Out \$5,571,500 in Dividends, and Still Have Holdings That They Value at \$50,000,000.

Attorney Alfred Lucking Says the Suit Against the Ford Company Has Political Motives Back of It.

DETROIT NEWS, Nov. 4, 1916, at 1.

Henry Ford was asked to discuss the suit begun by Dodge Bros. to restrain Mr. Ford from using the \$52,000,000 surplus funds of the Ford Motor Co. in expanding the business of the company, and to force Mr. Ford to divide at least \$39,000,000 of the money among the stockholders, of which amount the Dodge Bros. would get \$3,900,000 if their suit proves successful.

Mr. Ford discussed the suit, making his statements quietly, simply, dealing in sums that ran into the millions as modestly as the average manufacturer would deal in thousands, as the grocer would deal in hundreds, and as the toller would deal in dollars, all the while his bearing and statements showing an earnestness, with an occasional note of sadness (with no note of fear) that made you think that he was wondering how any one in the world could attempt to interfere with the great plans he has for extending the business of his organization and giving employment to more men, and much less how that interference could come from men with whom he had been associated in business for a long time, and who would themselves profit by his efforts.

The suit came as a surprise in view of the fact the night before the suit was started Mr. and Mrs. John Dodge were at the wedding of Mr. Ford's son, Mr. Dodge chatting freely with Mr. Ford.

"To understand what this is all about, you must understand the general principles on which I have tried to have the business of the Ford company built up and extended, the principles on which we have attained the measure of success that is ours," said Mr. Ford.

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“In the first place I hold that it is better to sell a large number of cars at a reasonably small margin than to sell fewer cars at a large margin of profit.

“I hold this because it enables a larger number of people to buy and enjoy the use of a car and because it gives a larger number of men employment at good wages. Those are two aims I have in life. But I would not be counted a success; I would be, in fact, a flat failure if I could not accomplish that and at the same time make a fair amount of profit for myself and the men associated with me in business.

“This policy I hold is good business policy because it works, because with each succeeding year we have been able to put our car within the reach of greater and greater numbers, give employment to more and more men, and at the same time through the volume of business increase our own profits beyond anything we had hoped for or even dreamed of when we started.

“Bear that in mind: every time you reduce the price of the car without reducing the quality, you increase the possible number of purchasers. There are many men who will pay \$360 for a car who would not pay \$440. We had in round numbers 500,000 buyers of cars on the \$440 basis, and I figure that on the \$360 basis we can increase the sales to possibly 800,000 cars for the year—less profit on each car, but more cars, more employment of labor and in the end we get all the total profit we ought to make.

“And let me say right here, that I do not believe that we should make such an awful profit on our cars. A reasonable profit is right, but not too much. So it has been my policy to force the price of the car down as fast as production would permit and give the benefits to users and laborers with resulting surprisingly enormous benefits to ourselves.

“The men associated with me haven’t always agreed with this policy—”

“Yes,” broke in Alfred Lucking, Mr. Ford’s attorney, “Mr. Ford has usually had to force expansion through and over opposition. I remember years ago when he proposed to expand the output from 25,000 to 75,000 cars a year, we gasped. But Mr. Ford had his way and his way has proved itself.”

“And I have the same idea in wanting to expand the output to 800,000 cars—a simpler problem now than when we made the jump from 25,000 to 75,000,” said Mr. Ford.

“The Dodge brothers say in their bill of complaint that last year the Ford company produced 500,000 cars at a profit of

\$60,000,000 and had a satisfied public to deal with; that without taking any chances we could repeat the output, get the same prices we got last year and produce the same margin of \$60,000,000 this year.

“Holding to that policy might be in the interest of the manufacturers of some other line of automobiles, but at this time we are interested in the manufacture of Ford cars, in the people who look to us for their cars and the men and women who look to us for employment.

“Dodge Brothers say I ought to continue to ask \$440 for a car. I don’t believe in such awful profits. I don’t believe it is right.

“So, would I be serving the interest of our firm best by holding up the price because the manufacturer of another automobile wants us to or by reducing the price in the interest of our own customers, our own employes and our own business standing and profit? I think I am right in my policy.

“Again they contend in their bill of complaint that if we keep on increasing the output and reducing the price we will be able to make them cheaper and cheaper so that we will have a practical monopoly of our line of the business.

“Did you ever before in your life hear of any concern being complained of as ‘violating state, federal and common laws,’ because the goods were sold at too low of a price, as the Dodge Brothers allege we are doing.

“The bane of monopolies as I understand it is in getting control of goods and making the price unreasonably high. I venture to say that when the force of the paragraph of their contention strikes the average citizen or the men who drew it up it will be looked on as one of the huge jokes of the industrial world. Think of it! Trying to make us a public menace because we sell our goods at too low a price to suit them!

“But as a matter of fact, there is the most intense competition in the automobile business, and every cut we make is in the interest of the public, because it forces our competitors to their best effort and highest efficiency which really produces healthy competition resulting beneficially to the public in general.

“They complain because we are getting ready to expand our business at the end of the war, when no one will know what the conditions will be. Well, we expanded our business before the war, we expanded our business during the war, and we are preparing to expand our business after the war; we are getting ready to expand it on a secure, safe, progressive basis—that is

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just why we are using some of the surplus we have, to make our cost of production so secure on the present basis or less, if any difference that there will be no break in our success.

“And how do we propose doing it? First, we are going to expand by increasing output of our present models and then by making trucks. No sane business man will deny that there is a great demand for trucks of the type we are building and at the price we will be able to offer them. Is it reckless to furnish an article for which there is a sure demand, when you can do so at a reasonable profit? We are using some of our money to expand that branch of the business which will employ something like 10,000 men.

“Again, our present cost of production is based on our present contracts for our supply of steel. It is true that our contract price is below the present market price, but we are protected by the contracts for three years on some of our essential materials, and for one year on the remainder. Is there any sane man who expects steel to go up after the war? If we were to continue to buy steel wouldn't it be reasonable to expect a decline after the warring nations stop drawing on this country for the enormous amounts for military purposes.

“But we don't propose taking any chances, even on that. We intend making our own iron. We have already contracted for blast furnaces to be built at the River Rouge. They will be followed by mixers, which will insure us an even grade of iron by a simple process, a plant so modern and complete, so conveniently arranged that we will be able to get our iron even below our present price, and I hope out of it to be able then to afford a still further reduction in the price of the car.

“We are now buying 600 tons of iron a day, which under present methods has to be melted twice, once by the maker of the iron and once by us. In making the iron ourselves we intend running it right through in one melting, which everyone must know will make a good saving.

“No man who has any understanding of business can keep his face straight and say that it is against the interest of a business concern to prepare for its future supply of materials and to produce them itself at a saving and keep out of the hands of a trust manipulated from Wall street.

“Why, we used to buy many millions of dollars worth of our parts from Dodge Brothers themselves. It was on the profits of their sales to us that they built their enormous plants. We are now making the parts ourselves at an enormous saving and are giving our customers the benefit of that saving in the reduced

price of the car. And will it be a bad business move if we save still more money for our customers and our laborers and ourselves by making our own steel? To deny that it is good business isn't using ordinary common sense.

"The charge that we are going into the mining business isn't true. I thought at one time that we might have to, but have had a thorough investigation made and have concluded that there is competition enough in the output of the mines to enable us to buy ore at reasonable prices so reasonable that I don't deem it good business judgment to buy mines now. If conditions should change I shouldn't hesitate to go into that branch too, or any branch that would help us to produce a cheaper and better car.

"There is a complaint as to the amount of surplus cash we carry. That amount has been as high as \$52,000,000 at the close of the fiscal year. We did a business of \$206,000,000 last year and I don't think our surplus is any too large to carry that amount of business and our continually expanding trade. It is our aim to safeguard our business in every way, and I am of the old-fashioned idea that having money in the bank for use at the time of large purchases of materials and other times is a wise policy.

"I have always wanted to have enough cash to swing our purchases without borrowing. I have always been opposed to going to Wall street because I don't want them to get our hide. We are not afraid of them because we have the cash assets. They enable us to get all our materials at the lowest prices.

"How much money did Dodge Bros. ever put into the business?" Mr. Ford was asked.

"Ten thousand dollars, but I don't think any of it was in cash. There may have been a check for some—the books will show that—but my recollection is that it was largely if not entirely put in work."

"And what dividends have they had on that?" was asked.

Mr. Ford consulted the bookkeeping departments and replied: "They were in at the start, and they have had dividends since 1908, amounting to a total of \$5,671,500 in cash paid to them. They have already drawn that amount out in profits for their ten thousand dollar investment, and still have a 10 per cent interest in the business, which they claim is worth \$50,000,000 for their share.

"I don't think they can complain any on a policy of 'expansion' when that expansion has enabled them to draw over

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five and a half million on ten thousand and still have holdings worth \$50,000,000 on their own valuation.

“Besides that during this time we have paid them over \$27,000,000 in cash for materials and parts made for us, on which I believe they made a profit of at least \$10,000,000, and it is on the profits of these payments and the dividends drawn from the Ford Motor Co. that their present large fortune is built.

“They say my course is likely to injure them. They own 10 per cent of the stock and I own 58 per cent. I can’t injure them \$10 without at the same time injuring myself \$58, and I don’t think any one can reasonably accuse me of pursuing such a course. My present course is precisely in line with what we have been doing in the past, and nowhere near as venturesome.”

Alfred Lucking, the general counsel for the Ford company, was asked for a further expression regarding the suit. He said:

“I don’t care to discuss the case out of court; but in view of the publication heretofore made will say The Ford Motor Co. is one of the most successful and best managed institutions in the world. This is conceded everywhere. The present plan of expansion is strictly in line with all its past methods. In view of such record and such results, for a court to interfere would be contrary to all precedents and the simplest elemental law.

“One other thing, Mr. John F. Dodge is an intense partisan of Mr. Hughes, actively engaged in politics at the present time, and I have received absolutely reliable information which I believe to be true that this suit was started by Mr. Dodge just at this particular juncture for political purposes.”

***Ford Denies Recklessness
Asserts He Cannot Hurt the Dodges Without Injuring
Himself.***

N.Y. Times (1851–2009), Nov. 5, 1916, at E9.

DETROIT, Nov. 4.—Henry Ford, in a statement made public here today, denied that his plans for greatly expanding the Ford Motor Car Company's business could be considered "reckless and unwise." His statement was in reply to the temporary injunction which Horace and John F. Dodge, automobile manufacturers, obtained against the Ford Company last Thursday, restraining the company from using its assets to develop its business along lines recently announced by Mr. Ford.

In their petition, the Dodge brothers, who own ten per cent. of the Ford Motor Car Company's stock, demanded that most of the company's immense surplus should be paid out in dividends to stockholders. They alleged that Mr. Ford's plans to buy iron mines, establish blast furnaces on the Detroit River, near here, and double or triple the capacity of the Ford plant in Detroit, were "reckless and unwise."

Mr. Ford asserted in his statement today that the keynote of his company's success has been its ability to sell a tremendous number of automobiles at a small margin of profit on each car. This idea, he said, was to be carried out in his expansion plan. Speaking of the Dodge brothers' assertion that the proposed plan would bring financial injury to them, Mr. Ford said:

"They own 10 per cent. of the stock and I own about 58 per cent. I can't injure them \$10 worth without at the same time injuring myself \$58."

The injunction case is to be heard here on Nov. 11. It has temporarily tied up about \$52,000,000, and seeks to compel Mr. Ford to distribute about \$39,000,000 of this amount in dividends.

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***Transcription of Dodge v. Ford:
Cross-Examination of Henry Ford****

By Mr. Stevenson:*

Q: Mr. Ford, you are the president of the Ford Motor Company?

A: Yes, sir.

Q: And have been how long?

A: Five or six years.

Q: What?

A: Six or seven years, I guess.

Q: How long?

A: Six or seven years.

Q: Six or seven years. You are one of the original incorporators?

A: Yes, sir.

Q: How much of a stock holding did you have in the organization of the company?

A: 25 and one-half per cent., I think.

. . . *

Q: Now, let us see; you received a letter from Dodge Brothers on or about the 23rd of September, didn't you, asking that this cash, or a large part of it, be distributed as dividends?

A: I think so.

Q: Why didn't you answer that letter?

A: I did answer the letter.

Q: How long afterwards?

A: Shortly after.

Q: How long after?

* Transcript of Record at 140, 159–67, 210–11, 213–30, 281–88, 303–16, 333–37, 354–55, 356–58, 397–404, Dodge v. Ford Motor Co., 170 N.W. 668 (Mich. 1918) (No. 47) (from State of Michigan, Circuit Court of Wayne County; cross-examination of Ford). The excerpts contained herein represent portions of the transcript that are most relevant to the discourse on Corporate Social Responsibility. The page ranges that follow indicate where the testimony appears in the official transcript.

* The following section can be found on page 140.

* The following section is excerpted from pages 159–67.

A: I don't know, but it is all a matter of record; you can easily find out.

Q: But I want your recollection of it.

A: I don't recollect.

Q: Now, you received the letter on the 23rd of September, didn't you?

A: Possibly.

(Papers were produced, and handed to the witness)

Q: You read that letter and see if that is a copy of your letter.

A: Of my letter?

Q: Yes.

A: Well, this, you can compare it with our copy.

Q: If you have got a copy, let us see the copy.

Mr. Stevenson: I will read the first letter, to refresh your recollection, Mr. Ford.

“Detroit, Mich., September 23, 1916.

Mr. Henry Ford,
President Ford Motor Company,
Detroit, Mich.

Dear Sir:

We have for some time, as you know, been endeavoring to make an appointment to see you, for the purpose, as you assumed, and informed one of your associates, of discussing the affairs of the Ford Motor Company, from the standpoint of our interest as stockholders, and with a view of securing action by the board of directors looking to a very substantial distribution from its cash surplus as dividends.”

Q: That was true, wasn't it?

A: Yes.

Q: What I have read; he answered, yes.

A: Yes.

Q: Not having been able to make—

A: That letter is a correct copy of the letter I had.

Q: That is a fact, is it not?

Mr. Lucking: What is a fact?

Q: “We have for some time, as you know, been endeavoring to make an appointment to see you, for the purpose, as you

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assumed, and informed one of your associates, of discussing the affairs of the Ford Motor Company from the standpoint of our interest as stockholders—”

A: If that is an exact copy of the letter, I received, it is.

Q: Don't get excited. You knew that Dodge Brothers had been endeavoring to make an appointment to see you about dividends, didn't you?

A: I knew that Dodge Brothers had been making—

Q: Had been endeavoring to make an appointment to see you about dividends?

A: Before the letter was written?

Q: Yes.

A: No, sir.

Q: Didn't you tell Mr. Couzens that you knew that they wanted to see you about the question of dividends, or that they had been phoning, and that you had not seen them?

A: I told Mr. Couzens that they wanted to see me about selling their stock to me.

Q: You did?

A: Yes.

Q: When? When did you tell him that?

A: I don't remember when I told him that.

Q: But you told him that?

A: Yes. I never knew— I never told Mr. Couzens anything about dividends.

Q: You didn't tell him anything about dividends?

A: Not that I know of.

Q: What did you think they wanted to see you about? Not about dividends, but to sell their stocks, was it?

A: To sell their stocks.

Q: Not dividends?

A: No.

Mr. Stevenson: “Not having been able to make an appointment to discuss the matter with you personally, we very much desire to do, we write you this letter upon the subject.

“The condition shown by your recent financial statement—showing approximately \$60,000,000 of the net profits for the past year, and cash surplus in banks exceeding \$60,000,000—it seems

to us would suggest, without the action being requested, the propriety of the board taking prompt action to distribute a large part of the accumulated cash surplus as dividends to the stockholders to whom it belongs.”

Q: Do you recall that[?]

Mr. Lucking: Recall what?

Q: That part of the letter?

A: If it is a copy of the letter that I received—

Q: Mr. Lucking says it is.

Mr. Lucking: Yes, Mr. Ford received the letter.

A: If I received the letter—

Q: You received it, now, Mr. Lucking says so; did you?

A: Yes. I haven't denied that I received the letter.

Q: Your reply to that letter, Mr. Ford, is dated October 10th?

Mr. Lucking: No, September 23rd.

Q: No, it is not; it is October 10th.

Mr. Lucking: I beg your pardon; that is right. You are right.

Q: It is as follows:

“Detroit, Mich., Oct. 10th, 1916.

Messrs. John F. Dodge and H. E. Dodge,
care Dodge Brothers Motor Company,
Detroit, Mich.

Dear Sirs:

I beg to acknowledge due receipt of your letter of September 23rd.”

Q: Is that right?

A: Yes, sir.

Q: Then you waited from September 23rd to October 10th before you even acknowledged receipt of the letter, didn't you?

A: Possibly, if it so states there.

Q: “—and to say that it would have been answered before this, but for my absence from town for a considerable length of time, and pressure of other matters.

“It seems to me in view of all the conditions of business, and other extensions which have been determined upon for so long a time—”

Mr. Lucking: “Our extensions.”

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Q: What?

Mr. Lucking: "Our extensions;" not "other." In the bill of complaint, our copy, it says "our extensions."

Q: Here it says, "and other extensions." It doesn't make much difference; it isn't important, however.

"It seems to me, in view of all the conditions of business, and other extensions, which have been determined upon for so long a time—"

Mr. Lucking: "Our" is the correct word.

Q: I said "other." It isn't important.

"So long a time past, and to which we have been working, that it would not be wise to increase the dividends at the present time."

That was your position, wasn't it?

A: Yes.

Q: What were the dividends at that time, the regular dividend of five per cent, per month, payable quarterly, wasn't it?

A: Yes.

Q: And when you received this letter, you informed Dodge Brothers, that according to your policy, it wasn't wise to pay any more dividends. Just answer, so the stenographer will get it. Answer.

A: Yes, sir, according to the letter.

Q: Was that according to the fact?

A: Certainly.

Q: Certainly; it was according to the fact?

A: Yes.

Q: So that you made up your mind not to pay any more dividends except the regular dividends, for the present, at least, hadn't you?

A: For the present, yes, sir.

Q: For how long? Had you fixed in your mind any time in the future, when you were going to pay—

A: No.

Q: That was indefinite in the future?

A: That was indefinite, yes, sir.

Q: And might be some time, might or might not be in the future, as the circumstances might develop?

A: Yes.

Q: But for the present, on October 10th, the policy that you had decided upon, was not to pay any more dividends, except the regular five per cent. a month?

A: Right then I think so, yes, sir.

Q: Had you made up your mind to pay at any time in the future?

A: Certainly.

Q: When?

A: Always.

Q: Had you in mind to pay it this year?

A: Yes, sir.

Q: You said a few minutes ago that you had not any definite time in mind in the future, but at some time when the circumstances warranted the paying of dividends; but for this year you had decided not to pay any more than the regular dividend.

A: Not this year; not this year.

Q: Did you indicate that, had you decided to pay any dividends this year?

A: In the letter, you mean?

Q: Yes, at the time you wrote the letter.

A: Yes.

Q: What?

A: No.

Q: No, you had not; you told them, so far as they could judge from your letter, of your fixed policy not to pay any more dividends but the regular dividend.

Mr. Lucking: I object to that; the letter speaks for itself.

A: It is all in the letter.

Q: I am asking you what you meant by that letter, Mr. Ford.

A: What we meant by the letter?

Q: Yes.

A: We meant just what it said.

Q: That you had decided not to pay any more dividends, but the regular dividends?

A: At that time, yes, sir.

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Q: And that you had not in mind any definite time in the future, as to when you were going to pay any dividends?

A: No, I guess not.

Q: And you had decided that you were going ahead and spend all the money that was available, for extensions?

Mr. Lucking: I object to that; it doesn't say that.

Q: What?

A: We had not spent any money.

Q: You hadn't spent any money?

A: No.

Q: On October 10th you had not spent any money?

A: Not very much.

Q: But you had decided on spending the money?

A: Decided to bring it up to the board.

Q: You had decided on spending it, hadn't you?

A: As far as I was concerned, yes.

Q: So far as you were concerned; you were pretty nearly "it" in the Ford Motor Company, weren't you?

A: No, sir.

Mr. Lucking: He ought to be; he owns 58 per cent of the stock.

Q: Take that down.

Mr. Lucking: He ought to be; he owns 58 per cent. of the stock. What do you want? I suppose that every corporation did—

Q: I am very glad to have that; he has got a lot of dummies on his board of directors. You admit it. That is just what we have alleged.

A: You will find out whether I have dummies or not, before we get done.

Q: We will see as to how much dummies the rest of them are, and when you pull the string, how quick they jump.

. . . *

Q: You are familiar with the pig iron market, of course, and have been during the past few years?

A: Oh, yes.

* The following section is excerpted from pages 210–11.

Q: You know, don't you, Mr. Ford, that up to the time the war commenced, that the market price of pig iron was less than the cost of production, don't you?

A: We are not going to—

Q: Just answer the question.

A: We are not going to make pig iron.

Q: You are not going to make pig iron at all?

A: No, sir.

Q: How are you going to make any other iron, without making pig iron?

A: Because we are going to try and work out a new scheme.

Q: You are going to try and work out a new scheme?

A: Yes, sir.

Q: Tell us, let us know about your new scheme?

A: I did start to tell you a little while ago.

Q: If I stopped you, start again.

A: Yes. We are going to make iron out of ore, directly out of ore, melted out of ore, and we are going to use it to cast our cylinders, and our castings, and use our scrap, and use our material up, and to make the castings directly from the ore; and we are going to get uniform castings, which has never been got where we melt pig iron in eleven or twelve cupolas at the factory. We take the pig iron and mix it with something, mix it with our borings, and stuff, and we never get a uniform casting. We have a great waste, and a great loss, from our castings, because the cupolas are a very poor thing to melt iron in. The wrought iron comes down first, and we never get a uniform casting.

In this new scheme, we are going to melt the iron directly out of the ore, and run it into a mixer, and we are going to get a uniform mixture with proper analysis, and turn it directly right into castings right there, and save a great deal of money by doing it, reduce the cost of the car, and get an absolutely strong iron metal.

Q: Who is doing that sort of thing now?

A: Nobody.

Q: Nobody?

A: No.

Q: You are going to experiment with the Ford Motor Company's money, to do it, are you?

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A: We are not going to experiment at all; we are going to do it.

Q: Nobody yet has ever done it?

A: That is all the more reason why it should be done.

Q: Therefore, you are going to undertake to do something that nobody else has done, that nobody else have even tried to do?

A: Oh, certainly. There wouldn't be any fun in it if we didn't.

Q: You are going to find some fun in it?

A: Yes, certainly.

Q: But at the expense of the Ford Motor Company?

A: That is all I am working for at the present time, is to have a little fun, and to do the most good for the most people, and the stockholders.

Q: I understand that is the principal thing that you have in mind, doing the most good for the most people?

A: And the stockholders, and everybody.

. . . . *

Q: On the production of the 500,000 cars in the fiscal year, 1915, and '16, the Ford Motor Company made a net profit of \$60,000,000, in round figures?

A: Yes.

Q: That was with the manufacturing capacity, so far as the plant and facilities are concerned, as they existed during the year 1915, and '16 of course?

A: Yes.

Q: And before these enlargements were taken into account, so far as the production was concerned?

A: Yes, sir.

Q: To what extent have you considered the necessity for increased facilities for production of cars?

A: We expect to increase it double.

Q: To double; that is, you produced 500,000 cars, with the old plant, as we speak of it, as up to July 31st, 1916?

A: Yes, sir.

* The following section is excerpted from pages 213–30.

Q: And you are duplicating that plant, or more than duplicating it?

A: About duplicating it.

Q: Your policy is to increase the production to a million cars per annum?

A: Yes, sir.

Q: Yes. You are not satisfied with producing five hundred thousand cars per annum?

A: The demand was not satisfied.

Q: The demand was not satisfied?

A: No.

Q: Do you mean that the Ford Motor Company during the year 1915 and '16, when it produced and sold 500,000 cars, could not meet the demand?

A: Could not quite meet the demand; and, besides, we left the price—

Q: What is that?

A: We left the price as it was the preceding car.

Q: That is, you left the price in 1915 and '16 the same as the year 1913 and '14?

A: Left the price the same in 1916.

Q: What?

A: We left the price the same in 1916 as we did in 1915.

Q: Your fiscal year ends July 31st, 1916?

A: Yes, sir.

Q: So that year would include from July 31st, 1915, to July 31st, 1916?

A: Yes, sir.

Q: And you left the price of the car—

A: Yes, sir.

Q: The same for 1915–16 as for 1914–15?

A: Yes; for the purpose of accumulating money to make these extensions.

Q: You found that even with the old price, and the increased production to 500,000 cars a year, you were unable to keep up with the demand for the car?

A: Just about.

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Q: Just about?

A: Yes.

Q: So far as your experience of 1915 and '16 was concerned, you had good reason to believe that you could duplicate the production and sell it at the same price during the next year, didn't you?

A: Yes, but that isn't our policy.

Q: Well, that is, you are satisfied you could do that?

A: No, we couldn't do it.

Q: What is that?

A: No, we couldn't do it; not keep the same price.

Q: Not, and produce the same number of cars?

A: Not and keep the same price.

Q: Why not?

A: Because the price was too high.

Q: Well, you could not meet the demand the year before, you say?

A: That has been always our policy, to reduce the price.

Q: I am not asking you about your policy now; I am asking you about the facts. You have told us both ways about it. You told me first that you had no reason to think that you could not sell 500,000 more cars this year, at the same price you sold them last year?

Mr. Lucking: No, he did not.

A: I didn't say that.

Q: Which way, then, will you have that?

A: Perhaps I did not understand it.

Q: What is that?

A: Perhaps I didn't understand it.

Q: You didn't understand it?

A: I perhaps didn't understand what you meant.

Q: Didn't you tell me that you were unable to meet the demand last year?

A: No, I didn't tell you we were unable to meet the demand last year.

Q: You didn't tell me that? Let's test it. Just go back there and see what he said.

(Testimony was read by the reporter).

A: I will let you do a lot more of the talking, and I will be careful about answering.

Q: Oh, you will! Now, will you tell us which way it is.

A: You ask the questions and I will tell you.

Q: You said, in answer to my question, that you produced 500,000 cars, and that they did not meet the demand; was that true, or wasn't it?

A: When?

Q: The year that this financial statement that we have referred to, covered and represented.

A: 1916 was the financial statement.

Q: Do you call that the 1916 business?

A: Yes.

Q: We will call it the 1916 business; then, for the year of 1916, you produced 500,000 cars, and you sold them?

A: Yes, sir.

Q: And you said that didn't meet the demand, those 500,00[0] cars?

A: Not quite.

Q: Not quite; so that you had no reason to believe, from the experience of 1916, that you could not sell 500,000 more cars in 1917?

A: No.

Q: At the same price, had you?

A: Yes, sir, we did.

Q: What reason did you have?

A: The price was too high.

Q: Why was the price too high, if you were able to sell them?

A: Because we looked ahead to know what we could sell the next year.

Q: How could you know what you could sell the next year?

A: Just from the way we run our business.

Q: Tell us that secret, how you judge, when you were able to do it in 1916, you were not able to meet the demand, that you could not do it the next year?

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A: The only thing that makes anything not sell is because the price is too high.

Q: Was the price any higher than it was in 1913?

A: It was about the same price; I don't remember.

Q: Three years ago the price was higher than it was in 1916, wasn't it? Wasn't it?

A: Yes, I think so.

Q: It was higher still in 1910?

A: Yes, sir.

Q: Now, didn't every customer of the Ford Motor Company who bought a car in 1916 get just as good a car, and just as good value as they did in 1912 when they paid a higher price?

A: What are we there for?

Q: Just answer the question? I am not asking what you were there for.

A: I don't understand the question.

Q: Read it, please.

(The question was read by the reporter).

Mr. Lucking: Yes, and they sold more of them, to, because they reduced the price.

Mr. Stevenson: Just put that in.

Mr. Lucking: Because they reduced the price, and they sold more.

Q: What do you say to that, Mr. Ford?

A: I don't quite understand what you are trying to get at.

Q: You say that you sold 500,000 cars in 1916?

A: Yes, sir.

Q: And you sold in 1912 a less number of cars, at a higher price, in 1912?

A: Yes, sir.

Q: In 1913?

A: Yes.

Q: And you sold a less number of cars in 1910 at a still higher price?

A: Yes; and, I think, six or seven years ago, the same car, we got \$900 for it.

Q: Now then, I ask you if every customer of the Ford Motor Company of 1916 did not get just as good a car, and just as good value as the customer who paid a higher price in 1912 and '13?

A: He got a better car.

Q: He got a better car, and he got it for a less price?

A: Yes, sir.

Q: And yet you say that you could not conscientiously think of making as much profit as you were making in 1916, in selling the Ford Motor Company car, didn't you?

Mr. Lucking: When has he said that:

Q: In Mr. Pipp's editorial.

Mr. Lucking: You better read his exact words.

A: I don't remember.

Q: Don't you recall that?

A: I don't understand you.

Q: You don't recollect that?

A: I don't say that. I don't understand what you are trying to get at.

Q: You don't? Whose statement was that, yours or Mr. Pipp's.

A: A combination statement, I guess.

Q: A combination. You ought to recollect what part of it was yours, wouldn't you.

A: I don't try to recollect anything that I want to forget. I only try to touch the high spots.

Q: Just the high spots?

A: Just the high spots.

(Interruption).

Q: What I have reference to, Mr. Ford, is the statement contained in your published statement in the Evening News a week or so ago. "Bear in mind, every time you reduce the price of the car, or reduce the quality, you increase the possible number of purchasers. There are many men who will pay \$360 for a car who would not pay \$440. We had, in round numbers, 500,000 buyers of cars on the \$440 basis; and I figure on the \$360 basis, we can increase the sales to possibly 800,000 cars for the year; less profit on each car, but more cars, more employment of labor; and anyway, we will get all the total profits that we ought to make. And, let me say right here, that I do not believe we should

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make such awful profits on our cars. A reasonable profit is right, but not too much. It has been my policy to force the price of the car down as fast as production would permit.”

And so forth. Is that your statement?

A: Yes.

Q: Then your conscience would not let you sell cars at a price that you did last year, and make such awful profits? That is what you said, isn't it?

A: I don't know that my conscience has got anything to do with the case.

Q: Why did you say that it wasn't right to get such awful profits, if it wasn't your conscience?

A: It isn't good business.

Q: It isn't good business. That is what you were thinking about, was it?

A: It isn't good business for the institution.

Q: Was that all you thought about when you said it was not right?

Mr. Lucking: That is objected to as immaterial.

Q: Another place, “Dodge Brothers say I ought to continue to ask \$440 a car. I don't believe in such awful profits.” That is what you stated, wasn't it? “I don't believe it is right.” Was that your testament, or wasn't it, or was that Mr. Pipp's?

A: You seem to be using the News for a Bible; I guess that's all right.

Q: That seems to be your Bible.

A: Yes, sure.

Q: Yes, sure it does. Does that express your sentiments now?

A: It did then.

Q: Have you changed your sentiments since then?

A: I don't know; I haven't thought about it since.

Q: You haven't thought about it since. You don't know now whether these are your sentiments or not?

A: No, not altogether.

Q: When would you be able to tell whether you have changed your sentiments, or not?

A: My mind changes quite often.

Q: What is that?

A: My mind changes quite often.

Q: Your mind changes often. Now, I will ask you again, do you still think that those profits were awful profits, and not right?

A: Well, I guess I do, yes.

Q: You still do?

A: Yes.

Q: And for that reason you were not satisfied to continue to make such awful profits?

A: We don't seem to be able to keep the profits down.

Q: You are not able to keep them down; are you trying to keep them down? What is the Ford Motor Company organized for except for profits, will you tell me, Mr. Ford?

A: Organized to do as much good as we can, everywhere, for everybody concerned.

Q: Do you know anything in the law that discusses anything about doing people good, in connection with the manufacture of automobiles, or any other manufacturing business?

A: I don't know very much about law.

Q: You don't know much about it. You didn't object, in the beginning, to have pretty satisfactory profits, did you?

A: We needed them.

Q: You said that Dodge Brothers drew out \$5,000,000 in dividends, didn't you?

A: Yes, sir.

Q: While they drew out five million dollars, you drew out twenty-five million dollars, didn't you, and more, too, thirty million dollars?

A: Yes.

Q: We will go back to that just a minute. You started out with a model of a car?

A: Yes, sir.

Q: That is what you started with, wasn't it, Mr. Ford?

A: Yes, sir.

Q: Yes; and a pretty poor model at that, wasn't it?

A: It seemed to sell, all right; it would sell, though.

Q: Sold after it was made; but who made it?

A: We made the first model ourselves.

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Q: Who made the first cars that you sold?

A: Dodge Brothers made part of them.

Q: Dodge Brothers made the car?

A: Made part of it.

Q: What part of it did they make?

A: The motor.

Q: What else?

A: The frame.

Q: They made the whole thing, except the tires and the body, didn't they?

A: From our drawings, yes.

Q: And they made a car you were able to sell, too, didn't they?

A: From our drawings.

Q: From your drawings; they made a car that you were able to sell?

A: Yes, sir.

Q: You didn't pay any attention to it. And where was your plant, your big plant, in those days?

A: Which days?

Q: When you started the business in 1903?

A: On Mack avenue.

Q: What kind of a plant did you have?

A: A barn, I guess.

Q: You had a barn. Mr. StreeLOW's carpenter shop, wasn't it?

A: I guess it was.

Q: Mr. StreeLOW's carpenter shop. Dodge Brothers made the completed car, except the rubber tires and the body; and that was taken up to Mr. StreeLOW's carpenter shop, and the body was put on the car, and then your selling agent sold it?

A: Yes, sir.

Q: That was the history of it, wasn't it; Dodge Brothers had to equip their plant to produce those cars, too, didn't they?

A: I guess they must have.

Q: And jeopardized everything they had in the world, didn't they, in the start, to make those cars, didn't they?

A: If you think so, yes.

Q: What is that? I am asking you what you think about it; you know about it.

A: I don't know what they jeopardized.

Q: You don't know what they jeopardized?

A: No.

Q: You didn't jeopardize anything, did you? Didn't have anything to jeopardize, did you?

A: Well—

Q: What is that?

A: We had our drawings and plans to jeopardize.

Q: You did? How were you going to jeopardize those?

A: We gave them up to be manufactured.

Q: Is that the way you jeopardized them?

A: If they jeopardized anything, we jeopardized those.

Q: Didn't they have to equip a machine shop to manufacture those cars?

A: I guess they did.

Q: You guess they did; you know they did, don't you, Mr. Ford?

A: Yes.

Q: And they had to buy machinery?

A: Yes.

Q: And wasn't the extent of the purchases they had to make on that account, in their situation, jeopardizing everything they had, if that had not been a success?

Mr. Lucking: I object to that; that is ancient history.

A: You can find that all upon the records.

Q: You can find it on the records?

A: Yes.

Q: What is upon the record about the Dodge Brothers jeopardizing their business in undertaking the manufacture of these cars, that had never been developed at all?

A: You can find out what they done.

Q: What is that?

A: You can find out what they did.

Q: You can find out what they did?

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A: Yes.

Q: You know what they did, don't you?

A: I guess I did at the time.

Q: Have you forgotten what they did?

A: Quite a lot of it; yes, sir.

Q: A lot of it?

A: Yes, sir.

Q: You have forgotten, have you, that they produced the cars that were sold, to bring the money to make the Ford Motor Company a success, have you?

A: No, sir.

Q: No. There isn't any doubt about that, is there?

A: No.

Q: Yes, you talk in this article as though they were stealing something from you, when they wanted a part of what belongs to them. They have got or they own a ten per cent interest in your property, in that property, don't they?

A: Yes, sir.

Q: They didn't steal it, did they? I said, they didn't steal it, did they?

A: I didn't say that anyone stole anything.

Q: What? You tried to make out that they were ingrates because they wanted a share of the profits that belonged to their property, didn't you?

Mr. Lucking: I object to that. The article hasn't any such language in it at all.

Q: Well, we will construe this matter at a later period. Have you ever been offered anything for your property.

Mr. Lucking: He has had phoney offers, perhaps. I object to this as immaterial.

The Court: Answer the question.

Q: Answer the question, Mr. Ford.

A: I have had some phoney offers, I suppose.

Q: "Phoney offers"?

A: Yes, sir.

Q: What was the kind of phoney offer that you had? You heard Mr. Lucking say "phoney offers," didn't you?

A: Certainly.

Q: And so you say “phoney offer”?

A: Yes, sir.

Q: Who made the offer?

A: I don’t remember who made it.

Q: What was the offer?

A: Well, there have been offers at different times.

Q: What were the offers at different times, then?

A: I don’t remember.

Q: Can’t you recollect anything about what you were offered?

A: No.

Q: Was it a hundred million?

A: It may have been over that.

Q: Was it two hundred million?

A: Might have been; I think it was somebody who wanted to know if I would take two hundred million dollars for it.

Q: Two hundred million dollars for your interest in it?

A: Yes, sir.

Q: Who was that somebody?

A: I don’t remember.

Q: Where was it?

A: I think it was in the factory.

Q: What did you reply to them when you were asked if you would take two hundred millions dollars for your 58 per cent?

A: I said that it wasn’t for sale.

Q: You wouldn’t take it?

A: No; it wasn’t for sale.

Q: Did you consider it worth that?

A: I di[d]n’t say anything of the kind. I said it was not worth—and I said it was not for sale.

Q: It wasn’t for sale. You didn’t say anything about what it was worth?

A: No.

Q: But when you were asked if you would take two hundred million dollars, you said you would not?

A: I said it wasn’t for sale.

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Q: It wasn't for sale. You intended that as a refusal of any further negotiations, didn't you?

A: I just simply said it wasn't for sale.

Q: It wasn't for sale; what do you mean by that?

A: You can draw it out just the same as I can draw it.

Q: Did you understand that this party was willing to pay you two hundred million dollars for your interest?

A: I didn't give it any thought.

Q: Didn't give it any thought, just said it wasn't for sale?

A: Yes, sir.

Q: Why wasn't it for sale? You started in to make money, didn't you?

A: Because I wanted something to work at.

Q: You started in it to make money, didn't you? That was what the company was organized for, wasn't it?

A: I didn't give it very much thought.

Q: You didn't give it any thought?

A: About making the money.

Q: You got a lot of money out of it, didn't you?

Mr. Lucking: I object to that.

A: Yes, I have.

Q: You are still making money, I suppose?

A: Just because we didn't have money in mind, I guess.

Q: Just because you didn't have money in mind. What is your policy about this business, Mr. Ford?

A: In what respect?

Q: You say you do not think it is right to make so much profits? What is this business being continued for, and why is it being enlarged?

A: To do as much as possible for everybody concerned.

Q: What do you mean by "doing as much good as possible?"

A: To make money and use it, give employment, and send out the car where the people can use it.

Q: Is that all? Haven't you said that you had money enough yourself, and you were going to run the Ford Motor Company thereafter to employ just as many people as you could, to give

them the benefits of the high wages that you paid, and to give the public the benefit of a low priced car?

A: I suppose I have, and incidentally make money.

Q: Incidentally make money?

A: Yes, sir.

Q: But your controlling feature, so far as your policy, since you have got all the money you want, is to employ a great army of men at high wages, to reduce the selling price of your car, so that a lot of people can buy it at a cheap price, and give everybody a car that wants one?

A: If you give all that, the money will fall into your hands; you can't get out of it.

Q: You think, if you do all that, it will fall into your hands? How many people are there in the United States?

A: You ought to know.

Mr. Lucking: I object to that as immaterial.

Q: Don't you know?

A: About a hundred million, I guess.

Q: What proportion of them are men who are in business, or earn a living by labor? About one-fifth?

A: About that, I guess.

Q: About a fifth?

A: Yes.

Q: So, out of the entire population of the United States, there are, in round numbers, twenty million of people who are men, laboring men, mechanics, farmers, business men, clerks, and other people, who earn their living, and some people who don't. That is about right, isn't it?

A: Yes, I guess so.

Q: Yes. How many Ford cars are there on the market in the hands of the public now?

A: I don't know.

Q: About how many?

A: I know about how many we have sold.

Q: About how many have you sold?

A: A million and a half, about, I guess.

Q: A million and a half?

A: Yes.

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Q: Then, if you are going to produce a million cars a year, one out of every twenty of the men in this nation, whether they are laboring men or mechanics, whatever they be, have got to buy a Ford car, haven't they?

Mr. Lucking: I object to this discussion of business policies. This is up to the board of directors of this company, if the court please.

Mr. Stevenson: This is the board of directors right here.

Mr. Lucking: It isn't up to you, anyhow.

(The question is repeated.)

Mr. Lucking: I object to that as simply a problem in mathematics. Counsel can figure it out just as well as the witness.

Mr. Stevenson: Here is a man, if your honor please, who says he won't distribute any dividends, because he is going to put his money into—

Mr. Lucking: He hasn't said anything of the kind.

Mr. Stevenson: — to carry on this business, expand the business. He has started out on a purely reckless, chimerical, hare-brained scheme to spend the money of these stockholders in a plan that will, of its own force, break down and bring ruin and destruction on every man who has any money invested in it. He is ready to go on with this sort of hare-brained policy.

....*

Q: All right. Now, in making this reduction of eighty dollars a car, Mr. Ford, from the price of \$440 a car to \$360, I suppose you seriously took into account the effect that was going to have on the business and the stockholders?

A: The effect upon the business and the stockholders?

Q: Yes.

A: We took everything into account.

Q: Did you take those things into account? You knew that on the face of things, it meant a difference of forty million dollars in the selling price of the car, didn't you?

A: No, I didn't know that.

Q: You didn't know that. It was a reduction of eighty dollars a car, wasn't it?

* The following section is excerpted from pages 281–88.

A: Yes, sir.

Q: And you sold 500,000 cars the year before?

A: Yes, sir.

[Q]: So that on the same production of 500,000 cars, the price being eighty dollars each less, it would equal forty million dollars, wouldn't it?

A: Not with increased efficiency.

Q: I am not talking about efficiency. I am talking upon the face—

A: You asked me if I took everything into consideration.

Q: Now I asked you if you realized that it meant forty million dollars on the same production, difference in the selling price, on the price of the car?

A: I don't know as I ever thought of that.

Q: Never thought of that?

A: No.

Q: A little thing like forty million dollars didn't trouble you?

A: Because it isn't forty million dollars, with increased efficiency.

Q: That was something to be done wasn't it? That was something that you had to do? But, what you actually did by striking down the price of those cars, eighty dollars a car, was to reduce the selling price of the cars as compared with the year before, forty million dollars, wasn't it?

Mr. Lucking: He took most out of his own pocket, didn't he?

Q: Will you answer the question now, Mr. Ford, after you have had the suggestion from Mr. Lucking?

(The question was read by the reporter.)

A: We reduced the price of the car \$80.

Q: Did you realize that in reducing the price of the car \$80 that you were cutting off forty million dollars on the basis of the production and selling price of the year before?

A: No.

Q: You didn't realize that?

A: No.

Q: You didn't take that into account at all?

A: No.

Q: Why didn't you?

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A: Because we increased our efficiency.

Q: How did you increase your efficiency?

A: In every way, in the factory.

Q: How does the reduction in the price of the car increase efficiency?

A: Reduces the cost of selling, for one thing.

Q: How much effect would that have on the forty million dollars?

A: Quite a lot.

Q: How much?

A: I don't know, but a great deal.

Q: By the way, is it true, Mr. Ford, that the Ford Motor Company have required all of their agents to discontinue the sale of any other car?

A: No, it is not true.

Q: That is not true?

A: No.

Q: Are you sure about it?

A: I am sure about that, yes, sir.

Q: You are sure about that?

A: Yes.

Q: Was there any circular sent out to that effect?

A: Not that I know of.

Q: Never heard of that?

A: No.

Q: Now, then, we will go back to that. You say that you did not take into account the fact that—you recognize it as a fact, don't you, that on the sale of five hundred thousand cars, at \$360 each, as compared with \$440, that it reduces the selling price by forty million dollars, don't you?

A: It reduces the selling price by \$80 upon each car.

Q: The selling price on 500,000 cars, reduced \$80 apiece, is forty million dollars, isn't it?

A: Oh, I guess so, if you figure it.

Q: Have you any doubt about it?

A: You can figure that out.

Q: Have you any doubt about that?

A: No.

Q: You say you never figured it, never considered it at all?

A: We did not consider it in that way. We considered it by making the place more efficient.

Q: How did you make it more efficient by reducing the price of the car? Just tell us what scheme you have got for increasing the efficiency by reducing the selling price?

A: It costs us less to sell it.

Q: You have told us about that; what else?

A: Efficiency all through the shop, everywhere.

Q: Is it efficiency, reducing the commission? Do you call that efficiency?

A: Commission?

Mr. Lucking: He said efficiency all through the shop.

Q: What efficiency all through the shop is affected by reduction in the price of cars? Tell us, Mr. Ford, please, if you can, in any particular in which the reduction of the price of the car in any way increases or affects the efficiency of the workmen in the plant, or the efficiency of the plant itself. We are waiting, patiently waiting, Mr. Ford, whenever you get ready. Do you want the question repeated?

A: I don't understand the question?

Q: Just repeat it, Mr. Stenographer.

(The question was read by the reporter.)

A: I don't understand the question.

Q: You have said Mr. Ford, that you did not take into account the fact that there was forty million dollars cut off the selling price, when you decided on this; but what you did take into account was that there would be increased efficiency.

A: That is right.

Q: Now, will you tell us in what particular there would be increased efficiency in the production of the car, because of the reduction of the selling price?

A: It makes everybody dig more for the profits.

Q: What is that?

A: It makes everybody dig more for the profits.

Q: Who do you call everybody?

A: The whole factory.

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Q: The whole factory; what have they got to do with the profits?

A: Because they know that we have got to have profits.

Q: What is that?

A: They all know we have to have profits.

Q: Is that the best answer you can give to that?

A: Yes, sir, that will do; that will be all right.

Q: Is that the best answer you can give?

A: It will do for me.

Q: What?

A: If it satisfies you, why, it is all right.

Q: I am not to be satisfied; I would like to get you to give me some intelligent explanation of what you have done, Mr. Ford, if you can. Your answer doesn't in any way attempt to give anything intelligent on the subject. If you are satisfied with it, I am.

A: Perhaps it doesn't give you any intelligence.

Q: Perhaps not.

A: Because you are not versed with factory practice, or anything.

Q: Will you tell us again in what respect the reduction in the price of the car increases efficiency?

A: Because it makes everybody dig for profits.

Q: Dig for profits. They have no part of the profits, have they, the men in the shop?

A: No, they don't have part of the profits.

Q: How are they affected by the question of either an increase or reduction; they get so much a day, don't they?

A: They know we have got to make money.

Q: Are you satisfied with that answer?

A: If it satisfies you.

Q: Did you communicate with the men in the shop to that effect, that they had to hustle more, because you had reduced the price of the car?

A: Yes, sir.

Q: They have been hustling about all they could, haven't they? Didn't you claim that the five dollars a day wages, and

eight hours a day, that it made them hustle so that they hadn't any hustle left in them at the end of eight hours?

A: Did I claim that?

Q: Yes.

A: Did I claim that?

Q: Yes.

A: Where?

Q: Everywhere. Isn't that the fact?

A: Did I claim it? You I claimed it?

Q: I don't know whether you did or not; I am asking if you did.

A: No.

Q: Didn't you claim that by reason of increasing the pay of your employes, and reducing the number of hours to eight hours, that they hustled as they did not do before, when they were getting less wages?

A: I did claim that they took more interest in the institution.

Q: Took more interest, and you got better results, more value from their services at five dollars a day, and eight hours, than you got on a less sum, and longer hours?

A: Certainly.

Q: Yes, sir. Isn't it true that when they hustle for eight hours, the way they have to hustle to get that five dollars a day, that there isn't any hustle left in them at the end of eight hours?

A: Do you know anything about the way they have to hustle?

Q: I am asking you; I am not on the witness stand; I am not a manufacturer.

A: I can see that plainly.

Q: I am not professing to take care of all of the people in this world, like you, you know.

Mr. Lucking: You are sneering at these policies that produced all this money in the past.

Mr. Stevenson: I am not sneering at any policy. I believe Mr. Ford is very sincere in his desire to improve the conditions of his men. I am ready at any time to accord him all the credit that it is possible for anybody to have in that line; but I still want to say—

Mr. Lucking: Do you claim, as the president of this company, and the chief stockholder, that he is under a contract to squeeze

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every cent he can out of the public, and out of his workmen? Is that your claim?

Mr. Stevenson: I haven't made any such claim.

Mr. Lucking: That is pretty near it, judging from your bill, and from what you have said here.

Mr. Stevenson: I am not called upon to make any claim. I am claiming that it is his duty, as the trustee for the stockholders, to earn all the money that he legitimately can earn for the stockholders.

Mr. Lucking: And get every cent he can out of it?

Mr. Stevenson: I am not saying every cent; every dollar he legitimately can.

....*

Q: You got a letter from Dodge Brothers on or about the tenth of October?

A: Yes.

Q: Saying that there were rumors current that you had very ambitious plans with reference to extensions, and that they had already warned you that, in their opinion, you had no right to make any further extensions, and asking you for information?

A: Yes.

Q: By return mail, as to what you had in contemplation, didn't they?

A: I suppose so.

Q: Why didn't you answer that letter before you did all these things?

Mr. Lucking: The letter was answered.

Q: Just a moment. It has never been answered.

Mr. Lucking: The tenth of October.

Q: Just a minute. It wasn't. I object to your suggesting the answers to the witness, too. I want this to go on the record.

Mr. Lucking: All right.

Q: Why didn't you answer Dodge's letter and tell them what you proposed to do, if you were going—

Mr. Lucking: I object to that, unless the letter is shown to the witness, what letter you refer to.

* The following section is excerpted from pages 303–16.

Q: Give us the letter of October 11th.

Mr. Lucking: I haven't got it here. You use your copy out of your bill.

Mr. Stevenson (reading):

“Detroit, Mich., Oct. 11, 1916.

Mr. Henry Ford,
President Ford Motor Company,
Detroit, Mich.

Dear Sir:

“We are in receipt of your esteemed favor dated October 10th, acknowledging receipt of our letter of September 23, 1916, and have noted contents of the same.

“Inasmuch as all the directors of the company are accessible and a considerable time has already passed, we would thank you to advise us that an early meeting of the board will be convened to consider the request made by us contained in our letter referred to, dated September 23d.

“Rumors are current to the effect that the company has very ambitious plans for the expansion of the operations of the company under consideration and negotiations looking to carrying them into effect that would involve the disbursement of a large part of the cash assets of the company.

“We would thank you very much to advise us by early mail as to whether there is any foundation for the rumors referred to and what plans for the extension or expansion of the operations of business of the company that would absorb any considerable part of the company's present resources, are under consideration and the status of any negotiations relating thereto. In short, as stockholders, we would ask to be advised promptly as to what plans for the enlargement of the plants, property or operations are underway or under consideration.

“Of course it would be idle to have the board of directors consider the question of disbursing the cash assets of the company in dividends if, before the board has considered our request, the same have been appropriated in the directions referred to.

“We would respectfully urge that we be given a prompt and full reply to this letter.”

Q: Why didn't you answer that letter, Mr. Ford?

A: You dig around and see. If you dig deep enough, perhaps, you will find that we did answer it.

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Q: Do you claim that you answered that letter?

A: You can dig around and find it.

Q: Do you claim that you answered that letter?

A: I think that we answered the letter, yes, sir.

Q: Mr. Ford, you did not answer the letter; I would ask you for a copy of it.

Mr. Lucking: I beg your pardon; it was answered.

Mr. Stevenson: This is what you claim is the answer, is it (indicating book to Mr. Lucking)?

Mr. Lucking: These two letters and the enclosed minutes and estimates and so on, yes.

Q: Then, Mr. Ford, I will call your attention to that (indicating papers).

A: Yes, I signed that.

Mr. Lucking: Better look it over, to refresh your recollection.

A: You say it is all right?

Mr. Lucking: Look them over, Mr. Ford. Refresh your recollection.

A: There is a lot of stuff here to look over; it is supposed to be kept in one place.

Q: On or about the tenth of November you got the letter that I read, asking you to inform the Dodge Brothers as to what you had in contemplation, about spending this money, didn't you?

A: Yes.

Q: And you said you replied to that letter, and you referred to your letters of November second and November third as replies?

A: Yes.

Q: That is, after you had passed the resolution of the board of directors authorizing the expenditure of money, you then told them what you had done?

A: Yes.

Q: Instead of giving them the information that they asked for before the money was appropriated, as they asked, you went ahead and appropriated the money and then told them what you had done. That was the effect of it, wasn't it?

A: It is all there.

Q: That was the effect of it, wasn't it?

A: It is all there; you can dig it out, and put it in your own language.

Q: I am going to have you dig it out, Mr. Ford.

A: You can put it in any language you like.

Q: You got a letter on October 11th asking you for information as to what you purposed, didn't you?

A: It is all there; dig it out.

Q: Did you get that or didn't you?

A: I suppose I did, if it says so there.

Q: If Mr. Lucking says so, I suppose you did?

A: No.

Q: No?

A: No, if it says so there.

Q: Says so where?

A: Right in that letter there.

Q: "Answering your letter of recent date." That is the letter of November second. The letter of recent date was Dodge Brothers' letter to you, of October 11th, wasn't it? I will repeat what he said:

"We would thank you very much to advise us by early mail as to whether there is any foundation for the rumors referred to, and what plans for the extension or expansion of the operations of business of the company that would absorb any considerable part of the company's present cash resources, are under consideration, and the status of any negotiations relating thereto."

A: Yes.

Q: "In short, as stockholders, we would ask to be advised promptly as to what plans for the enlargement of the plants, property or operations, are under way, or under consideration. Of course, it would be idle to have the board of directors consider the question of disbursing the cash assets of the company in dividends if, before the board had considered our request, the same have been appropriated in the direction referred to."

A: Yes.

Q: Now, then, you waited until the second of November, after you had gone on and appropriated more than twenty million dollars of this money, before you replied to that letter, didn't you?

Mr. Lucking: No, that is not so.

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Q: Just a minute.

Mr. Lucking: As to the amount.

Q: What?

A: Just what it says.

Q: Just a moment, now. Put this all upon the record. Mr. Lucking suggests everything for this man to answer.

Mr. Lucking: Why did you say twenty million?

Q: This man echoes just what you suggest, and I want it all on the record.

Mr. Lucking: That is not so; I object to such complicated questions, as to conceal a number of factors in them that the witness is apt to overlook.

Q: We will separate. The furnace plant; you appropriated eleven million dollars for the furnace plant, didn't you?

A: I guess we did, if it says so there.

Q: Without answering Dodge Brothers' letter, so that you might be stopped from doing that, you went ahead and replied to his letter after you had done what he had requested you not to do, didn't you?

A: I don't know.

Q: You got a request on October 11th to advise him as to what you had in contemplation, didn't you?

A: I guess we did.

Q: You ignored it until after you had done what he was protesting against, didn't you?

A: I don't know.

Q: What?

A: It is all there, whatever you can find out.

Q: Isn't that the fact, that your reply, the first reply to that letter, was under date of November second, when you sent him a copy of the proceedings of the board [of] directors, appropriating all this money; that was the first reply you made to that letter?

A: I don't remember; it is all there. Dig it up.

Q: We will have you dig it up now, Mr. Ford.

A: All right, dig away.

Q: If you are so anxious to save time you better answer this question, because I am going to have an answer.

A: All right.

Q: Or else I will have you on the record to show just what kind of a prevaricator you are.

Mr. Lucking: I think that is an outrageous statement of counsel.

Q: It is an outrageous proceedings for this witness, and for you both.

Mr. Lucking: It is an outrageous statement, which you will regret in five minutes.

Q: No, I won't regret it in fifty-five minutes. I want an answer to that question, Mr. Ford.

Mr. Lucking: This i[s] purely argumentative from the facts. He has given you the facts.

Q: Will you read the question.

(The question was read as follows): "Q[:] Isn't that the fact, that your reply, the first reply to that letter, was under date of November second, when you sent him a copy of the proceedings of the board of directors, appropriating all this money; that was the first reply you made to that letter, wasn't it?"

Mr. Lucking: Divide it into three different questions.

Q: I want an answer to that question.

A: Separate it so that I can understand it, and I will answer you.

Q: I am not responsible for your understanding. You can understand the plain English language.

A: You are the only one that can talk plain English language, are you?

Q: No, not the only one; but you seem to be the only one who is not willing to understand it. Now, repeat that question.

(The same question was again repeated by the Stenographer.)

Mr. Lucking: To that particular letter?

A: Whatever replies I made they are all right there.

Q: Will you answer the question? Repeat the question.

(The same question was repeated by the Stenographer.)

A: Are those dates all right, Mr. Lucking?

Mr. Lucking: I think they are, Mr. Ford.

A: Well, then, all right. That is it.

Q: All right. Mr. Lucking tells us again.

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A: I don't know the dates.

Q: Perhaps your own letter will indicate those dates just as well (handing paper to witness).

A: Well, if it is dated, that is all there is to it.

Q: Look at it, Mr. Ford.

A: I say it, yes.

Q: Then on the second of November was the first time that you replied to the letter of October eleventh?

A: Yes, sir.

Q: Now we have got it.

Mr. Lucking: If you had asked the question simply in the first place, you would have got it without so much argumentative stuff in it.

Q: It was simple enough so that he finally understood it.

Mr. Lucking: As you finally put it.

Q: It was the same question exactly, repeated, and he answered it.

Mr. Lucking: The first answer has a certain date; that is simple; but when you sprung a lot of argument, you confused it.

Q: I am not responsible for what you regard as simple, Mr. Lucking. I asked you whether you did not, before you appropriated this money, why you did not answer that letter as requested?

A: I don't know that.

Q: You don't know that. You say on the sixteenth of October, after this letter of October eleventh was written to you by Dodge Brothers, you had concluded the arrangement with Riter-Conly, of Pittsburgh, for expending a million dollars. You have said that, haven't you?

A: Yes.

Q: And after the receipt of their letter, you went right ahead and concluded an arrangement to spend that million dollars, without replying to their letter, or giving them any information about it; that is true, isn't it?

A: If it is there, it is true.

Q: I am not asking you if it is there; isn't that true?

A: I suppose it is.

Q: Yes. Why didn't you give the information to Dodge Brothers, stockholders, that they asked for?

A: I guess we were working it out so that we could give them the information.

Q: You were working it out. You waited until after the board of directors had appropriated the money before you informed them, didn't you?

Mr. Lucking: I object to this; it has been gone into four or five times.

Q: Mr. Ford, you never advised Dodge Brothers of your New York venture, either, did you?

A: I didn't know that they were directors.

Q: But you knew that they were stockholders, didn't you?

A: Yes, sir.

Q: And you knew that they asked you for information, too, didn't you?

A: About the New York—

Q: About all the proposed expenditures. That is what they asked you for, wasn't it?

A: It must be, certainly.

Q: Do you claim that as trustee, as president and managing officer and trustee for the stockholders, it is not your duty to inform the stockholders about what you propose to do, when they ask it?

A: I don't know.

Q: You don't know whether it is your duty or not? Do you say that?

Mr. Lucking: What was that question?

(The question was read.)

Q: Answer the question.

A: I don't understand it.

Q: Repeat it.

(The question was read by the reporter.)

A: I informed the directors.

Q: But you won't inform stockholders when they ask for information?

A: They can find out anything they want.

Q: How are they going to find it out? Isn't the proper way to find out to ask you for information?

A: Yes, come up and find out.

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Q: They did ask you for information, didn't they?

A: Yes.

Q: They didn't get it until after you had appropriated the money, did they?

A: Perhaps not.

Q: You know they did not, don't you?

A: Possibly not.

Q: I am not asking you possibly; you know that they didn't get the information until after you had appropriated the money?

A: Yes.

Q: You may just as well answer the question, and not dodge it in the beginning, you know.

A: Yes.

Q: You don't have very much regard for stockholders, anyway, do you?

A: I have shown quite a regard.

Q: You have?

A: I have paid them lots of dividends.

Q: You have called them parasites, on occasions, haven't you?

A: Not Mr. Dodge, no, sir; not Dodge Brothers; I learned that word from Mr. Dodge.

Q: You learned that from Dodge?

A: Yes. He called all people that did not work, parasites.

Q: You called your stockholders parasites?

A: No, I did not.

Q: But you didn't mean Mr. Dodge?

A: No, never.

Q: Who did you refer to?

Mr. Lucking: I object to that as an unnecessary bit of dirt.

Q: I purpose to show that this man has absolutely shown incapacity to appreciate his relation to the stockholders of this corporation.

A: Do you claim that I called the stockholders parasites?

Q: Yes, I do, in a published statement.

A: A published statement?

Q: What? Do you say that you did not?

A: I may have been quoted.

Q: Do you say you did not?

A: I never called anyone a parasite.

Q: "Ford is building his tractor plant on Dearborn site. Will use building where 'gasoline horse' was designed. Two other structures to form nucleus of works. Employees to share profits; no stockholders or parasites."

A: I told that man not to put that word in, parasites.

Q: You told him not to?

A: Yes, sir.

Q: You used the word, and then told him not to put it in?

A: He used it.

Q: But didn't you use it first?

A: No, I didn't use it; I told him not to put it in. He wrote the articles.

Q: And you told him not to put the word "parasites," in?

A: Yes.

Q: "The old Wagner brickyard in the southeast corner of the village, is the site of the tractor plant which is already under way, with several score of workmen busy on buildings. The first of two new building is completed, and the other is progressing rapidly. Will be no 'parasites.' With the announcement Friday of the beginning at Dearborn, Mr. Ford gave the following outline of the directing force behind the project: 'In the new tractor plant there will be no stockholders, no directors, no absentee owners, no parasites,' he said."

A: Well, I told him not to use the word "parasites."

Q: Didn't you use those words?

A: No, sir.

Q: You didn't use those words?

A: No, sir; I never used them.

Q: Why did you tell him not to use them, if you didn't use them?

A: Because he put them in, and I didn't want him to use it.

Q: Where did he put it in?

A: He put it in the article, that he was preparing.

Q: He submitted the article that he prepared, to you, did he?

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A: Yes.

Q: And you told him not to use “parasites?”

A: Yes.

Q: The next day you say you sent word over to Mr. Dodge that you didn’t mean that he was a parasite, didn’t you?

Mr. Lucking: Who was it said that?

Q: Didn’t you send Mr. Wills over to Mr. Dodge the next day to tell him that when you used the term “parasite,” that you didn’t refer to him?

A: I don’t remember anything about it.

Q: Who do you refer to?

A: I didn’t refer to anybody; I told him not to use the word.

Q: You told him not to use the word; who was the man that told you not to use the this word?

A: Well, he was a newspaper man in Dearborn, at Dearborn there.

Q: What is that?

A: I have forgotten his name. I think his name is Woodworth, or Woodruff.

Q: Woodworth or Woodruff; you told Mr. Woodruff, after he submitted the article to you, to strike that out?

A: Yes.

Q: And he didn’t strike it out?

A: No. Are you able to control newspaper articles?

Q: You saw it when it was published, didn’t you?

A: I saw it, I guess probably I saw it when it was published.

Q: Did you retract it in any way, or give any explanation?

A: No, I don’t think I did.

Q: What?

A: I don’t think so.

Q: You let it stand, published as it was, referring to your stockholders as parasites?

A: Yes, sir.

Q: That is what you did, didn’t you?

A: I must have, yes.

Q: You didn’t attempt to make any correction of it?

A: No, I would be pretty busy at that sort of thing.

Q: You would?

A: Yes.

Q: You think after the reporter had misquoted you, and made you say that you regarded or characterized your stockholders as parasites, that it was not up to you to correct it?

Mr. Lucking: I object to that; I submit that we have enough of this. Your honor has got control over it; you can have it stopped.

A: Well, he is only tiring himself out, roaring, anyway.

....*

Q: In all these plans of expansion and increase and reduction of price, and increased amount of production, who, if any person, has been the one to advocate those policies? Who is the one?

A: I have, generally.

Q: You made about 500,000 cars last year?

A: Yes.

Q: What were you making, say, three years ago, if you remember?

A: Two hundred; I don't remember just exactly. It is all on the—

Mr. Stevenson: Can't we have the accurate figures on that?

Mr. Lucking: Yes, we can get it accurately. I just wanted to see who it was that poured these millions in.

Mr. Stevenson: I am not objecting to it.

Q: Did the increase of production increase your profits?

A: Yes.

Q: In spite of the reduction in price?

A: Yes.

Q: Did you have opposition to this increase of production?

A: Yes, I have always had more or less opposition.

Q: I mean among yourselves?

A: Yes, among our directors.

Q: Honest differences about it?

A: Honest differences, yes.

* The following section is excerpted from pages 333–37.

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Q: Was your action in reducing the price this year any different from what you have done many times before?

A: No, sir.

Q: What has been the uniform result up to this time?

A: Well, we have always made lots of money.

Q: What is that?

A: We have always made lots of money out of it.

Q: How long ago was it that you were making about 25,000 cars a year?

A: Five or six years, I guess; somewhere about eight or nine years, I guess.

Q: This is 1916?

A: Yes. I think we made 18,000 in 1906.

Q: When you were making 25,000 a year, what was your next proposed jump in amount?

A: I think 75,000.

Q: Who was it that proposed that?

A: I did.

Q: Was it opposed?

A: Yes, I guess it was opposed.

Q: Was there any institution in the world making 25,000 cars, except yourselves, at that time?

A: I don't think so.

Q: You proposed to jump to 75,000?

A: Yes.

Q: The wise-heads shook their heads, did they, at that time?

A: I think they did.

Q: The wise ones shook their heads?

A: The wise ones shook their heads at 10,000.

Q: How did your jump from 25,000 to 75,000 turn out?

A: Very profitably, I guess.

Q: Did the country absorb the cars?

A: Yes, sir.

Q: Bought the cars, did they?

A: Yes, sir.

Q: You reduced the price, did you?

A: Reduced the price.

Q: Who was it decided upon the policy of making a single standard article, cheap-priced article?

A: I did.

Q: Who has pursued that policy? Who in your in— situation has been in favor of that policy constantly, consistently?

A: Well, I don't know; I always have, and Mr. Rackham always has, I guess, and Mr. Klingensmith.

Q: Has there been diversity of opinion about it?

A: Yes; always been some opposition and diversity of opinion about it.

Q: When it came to a year ago this last summer, at which time, I understand, you fixed prices, do you not, in the midsummer, about August?

A: Yes.

Q: Did you reduce the price a year ago?

A: No, we did not reduce it a year ago.

Q: Why not?

A: Well, we wanted to make a little extra money to go on with these expansions.

Q: These very extensions?

A: These very extensions.

Q: Was that talked in the company? You understood that, all of you?

A: Talked among the engineers; yes, sir.

Q: Among your directors, is what I want.

A: Yes.

Q: The raising of that money?

A: Yes.

Q: With Mr. Wills?

A: Mr. Wills is factory manager, has been associated with me right from the very start, the first man that ever came with me in the business.

Q: Does he hold any official position in the company?

A: No.

Q: An able man?

A: Very able man.

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Q: What is his salary?

A: \$80,000 a year.

Q: Is he worth it?

A: Yes, sir.

Q: Is he worth the money?

A: Yes, sir.

Q: In order to hold his services, have you paid him privately, in addition to that, out of your own pocket?

A: Yes, we have always divided up some of the profits.

Then you have not asked the company to pay that?

A: No.

Q: Does Mr. Wills recommend these extensions?

Mr. Stevenson: Hadn't we better have Wills?

Q: Can't have everybody at once. Has he recommended these?

A: I think he has.

Q: Do you know whether he has, whether he endorses them?

A: We have been so busy talking about the plans that I don't know whether the has given the policy of it very much thought.

Q: Take the extension at Highland Park; has he had anything to do with those?

A: Oh, yes.

Q: Why are you wanting to put up additional buildings at Highland Park?

A: To make more cars, make them cheaper, make more profits, extend further.

....*

Q: In your conversations with Messrs. Rackham and Couzens, in which you had informally agreed upon this dividend, was anything said with respect to a future dividend?

A: Yes, we talked for some time about a dividend after the first of the year; talked for months.

Q: What has been your policy with respect to having or not having ample cash?

A: Always had the policy to have ample cash.

* The following section is excerpted from pages 354-55.

Q: If you have been more conservative this year in the matter of dividends, will you state your reasons, or are you any more conservative than you have been?

A: We have not been any more conservative.

Q: It appears that in some previous years, especially the last three years, since Messrs. Dodge have been out, that you have paid some quite large dividends?

A: Yes.

Q: What are the facts about that, in the matter of your judgment, and other members of the board?

A: It has been against my judgment.

Q: Why?

A: Because I have felt as though we ought to extend more, because we need the extensions.

Q: Have you so expressed yourself to the other members of the board?

A: Always.

Q: But you yielded your judgment, did you, at times?

A: Yes.

Q: In the matter of those very large dividends?

A: Always, yes.

Q: Those matters have been discussed in your board, have they?

A: They have been discussed.

Q: And individually among members of the board?

A: Individually, yes, and private.

Q: Have you any settled policy of withholding dividends?

A: None that I know of.

Q: Except as you may deem for the best interest of this company?

A: Yes.

Q: Can you withhold dividends from Mr. Dodge, or the Messrs. Dodge, without withholding them from yourself?

A: Not that I know of.

Q: Is it affecting your action in any respect, or desire to injure them in any way?

A: Not a particle.

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Q: Have there always been honest differences of opinion in your board, as to just what should be done?

A: Yes.

Q: Not only with dividends, but expansion? [A]nd all of those questions?

A: Yes.

Q: Sometimes one succeeded in the matter of having his view adopted, and sometimes another?

A: Yes.

. . . . *

Q: Mr. Ford, calling your attention to paragraph 12 of the bill of complaint, readings as follows: "That notwithstanding the enormous earnings for the fiscal year ending July 31, 1916, namely, approximately sixty million dollars, the said Ford Motor Company has not since declared any special dividends, and the said Henry Ford, president of said company, has declared it to be the settled policy of the Company not to pay in the future any special dividends, but to put back into the business for the future all of the earnings of the company, other than the regular dividend of five per cent. monthly." Is it true that you have at anytime or place declared it to be the settled policy of the company not to pay any special dividends in the future?

A: No sir.

Q: The following paragraph quotes from a statement purporting to be in the public press, not giving the date.

Mr. Stevenson: It is in the article that contains the financial statement.

Mr. Lucking: Do you remember the date?

Mr. Stevenson: It is August first, or thereabouts. August thirty-first.

Mr. Lucking: Of this year?

Mr. Stevenson: Yes, of this year.

Q: You were quoted as follows:

"My ambition,' declared Mr. Ford, 'is to employ still more men; to spread the benefits of this industrial system to the greatest possible number, to help them build up their lives and their homes. To do this, we are putting the greatest share of our profits back into the business.'"

* The following section is excerpted from pages 356-58.

Is that correct?

A: That is correct, yes.

Q: That is correct. Just what proportion of those profits you put back in at any time, what is that determined by?

A: By the board of directors.

Q: By any fixed policy of any kind?

A: No.

Q: Except what conditions warrant?

A: No fixed policy.

Q: Reading from paragraph 14 of bill:

“That said Henry Ford has stated directly to your orators, personally, in substance, that as all of the stockholders of the company has received back in dividends more than they had invested that they were not entitled to receive anything additional to the regular dividend of five per cent. per month.[”]

Did you ever declare anything like that?

A: No, never.

Q: Further quoting:

“And that it was not his policy to have larger dividends declared in the future, and that the profits and earnings of the company would be put back into the business for the purpose of extending its operation and increasing the number of its employes, and that inasmuch as the profits are to be represented by investment in plants and capital investment, the stockholders would have no right to complain.”

Did you every [sic] say anything of that kind?

A: Well, I have always been against large profits, myself. I don't think we ought to earn such enormous profits, myself; I may be overruled by the board, as I am many times; but I, myself, do not believe in such exorbitant profits.

Q: But did you ever, if so, where and when, if you can remember, did you say that they were not entitled to receive anything additional to the five per cent. a month?

A: No, I never did.

Q: Reading from Subdivision 16 of the Bill: “That the said Henry Ford, dominating and controlling the policy of said Company.” Is that correct, that you dominate and control the policy of the Company?

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A: I don't think so; I put everything I can up to the board of directors.

. . . *

Q: In answer to Mr. Lucking, you have said that you had never decided upon any policy of withholding dividends, and putting the money all back into the plant, didn't you?

A: Yes, sir.

Q: Was that true?

A: Yes, sir. Whatever I said there.

Q: Which time did you say it correctly? You recollect this published statement in your favorite newspaper, the News, on August 31?

Mr. Lucking: What year.

Q: 1916. Do you recall that?

A: Yes.

Q: Who prepared that interview?

A: It was prepared by a number, Mr. Pipp and a few more.

Q: A few more?

A: Yes.

Q: After it was prepared, it was submitted to you for your approval?

A: I don't know as it was.

Q: Was it read over to you?

A: I don't know as it was.

Q: Do you say it was not?

A: I would not say, either way.

Q: Before or after publication, did you read it, either one; I don't ask you which.

A: I think I read part of it after publication.

Q: After publication did you find you were correctly quoted?

A: I did not give it any thought;

Q: I will read from that interview with you, as follows:

"With regards to dividends, the company paid sixty per cent. on its capitalization of two million dollars, or \$1,200,000.00,

* The following section is excerpted from pages 397-404.

leaving over \$58,500,000.00 to re-invest for the growth of the company?["]

A: Yes.

Q: Was that what you stated?

A: I don't know as I stated it myself; don't know as I said anything about it.

Q: (Reading): "This is Mr. Ford's policy at the present time, and it is understood the other stockholders cheerful[ly] accede to this plan."

A: I thought they did accede to it.

Q: Was that your policy? That was your policy, understanding that the stockholders acceded to it, was it?

A: Yes.

Q: Let us have no misunderstanding about it.

Q: I read again, so that there may not be no misunderstanding, Mr. Ford: "With regard to dividends, the company paid sixty per cent. on its capitalization of two million dollars, or \$1,200,000.00, leaving 58,500,000.00 to re-invest for the growth of the company. This is Mr. Ford's policy at present, and it is understood that the other stockholders cheerfully accede to this plan." Where you correctly quoted?

A: No, I don't think I was. I think I said part of that.

Q: What part did you say?

A: I don't know what part; perhaps half or so.

Q: Then immediately following: "My ambition,' declared Mr. Ford, 'is to employ still more men, to spread the benefits of this industrial system to the greatest possible number, to help them build up their lives and their homes.' [']To do this, we are putting the greatest share of our profits back into business.'"

A: I don't know as I said greatest. I said, a great share of it, good share of it.

Q: Mr. Lucking read that to you about half an hour ago, and you said it was correct?

A: Yes.

Q: Then I read it to you; now you are in doubt about it what do you say about that? Mr. Lucking read those very words to you from the bill of complaint, that we filed here, and in reading it you said that was correct. Was it correct, or incorrect?

A: Correct, I guess.

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Q: Correct. Will that be the last word on that, or will you change that?

A: I cannot tell. When I get better posted, I may know more about it. I don't quite understand it.

Q: You said to me a moment ago that understanding that the stockholders acceded to your plan to pay \$1,200,00.00, leaving fifty-eight million five hundred thousand dollars to re-invest, for the growth of the company, that that was your policy. Do you change that now?

A: Change it?

Q: Do you change that, or do you say that is correct?

A: I just said that we expect to invest part of it.

Q: I am asking you for the literal words that are in this interview of yours.

A: That is a newspaper article that I never read over.

Q: You said Mr. Pipp came there and got it?

A: Yes. I don't think I ever saw it afterwards.

Q: Didn't you tell us a few minutes ago that you did read it afterwards?

A: Read part of it; I don't know whether I read that part or not.

Q: You don't know whether you did or not?

A: No.

Q: Didn't you tell me just a few minutes ago that this was your policy, and that you understood that the stockholders cheerfully acceded to your policy? Just a few minutes ago, didn't you say that?

A: I think I did.

Q: Is it true?

A: True, if you want it so, yes.

Q: Well, it is quite immaterial to me which way you put it; you have put it so many ways, that I have lost all interest in which way you put it.

A: All right.

Q: Mr. Ford, does the Ford Motor Company have a publication of your own, haven't you?

A: Yes.

Q: What do you call it?

A: Ford Times, I guess you have reference to. We have two or three.

Q: Now we find this on page 106, under date of October, 1916: "With regards to dividends, the company paid sixty per cent. on its capitalization of two million dollars, or \$1,200,000.00 leaving over \$58,500,000 to re-invest for the growth of the company. This is Mr. Ford's policy at present, and it is understood that the other stockholders cheerfully accede to this plan." Is that correct?

A: I never saw that before.

Q: You did not?

A: No.

Q: They would have not publish anything in your Bible that you did not say, would they?

A: They might.

Q: They reproduced this from your other Bible? the News?

A: That is possibly what they did.

Q: They reproduced this.

A: But I never saw it.

Q: And it was so accurate that they put it in your own bible, out of the News?

A: I never saw it.

Q: You never saw it?

A: I never saw it.

Q: Do you repudiate it?

A: Well, I say that it was put in there without my knowledge.

Q: Do you repudiate it? Does it correctly express your sentiments, or doesn't it?

Mr. Lucking: You ought to put in the whole quotation. Just about the greatest part of our profits.

A: Greatest part; I guess that is all right.

Q: You heard Mr. Lucking say that.

A: That is what I said before, a portion of it.

Q: You heard Mr. Lucking say, "the greatest part."

A: I say, a portion of it.

Q: Did you hear Mr. Lucking?

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A: I was reading from the article. You handed it to me, and I was reading from the article.

Q: Did you hear Mr. Lucking?

A: Yes, sir.

Q: I will read both paragraphs, Mr. Ford.

A: Go ahead.

Q: "With regards to dividends, the company paid sixty per cent on its capitalization of two million dollars, or \$1,200,000.00." That is correct?

A: Yes.

Q: "Leaving over \$58,500,000.00 to re-invest for the growth of the company." That is correct?

A: Yes.

Q: Now, did you gentlemen get that answer?

A: I say that is correct, as you read it there.

Q: "This is Mr. Ford's policy at present, and it is understood that the other stockholders cheerfully accede to this plan."

A: Yes.

Q: That is correct. Will you please answer a little louder. I will get further away, so you can talk at me. If you and I will about split, and you talk a little louder, and I talk not quite so loud, perhaps we would get it about right.

A: Change it from a roar down into—

Q: It has not disturbed you very much, has it?

A: Not very much.

Q: (reading): "My ambition,' declared Mr. Ford, 'is to employ still more men.'"

A: That is correct.

Q: "To spread the benefits of this industrial system to the greatest possible number."

A: That is correct.

Q: "To help them build up their lives, and their homes." Do you balk at that?

A: Yes, that goes with it, I guess.

Q: Is that correct?

A: Well, it is so stated there.

Q: Does that express the views that you expressed at the time?

A: That was not written by me. It was written in a newspaper, written for a story.

Q: This other story was not written for you, was it? Mr. Pipp came up to your office, spent two or three hours, prepared a nice story, read it over to you, published it, and you were pleased with it, weren't you?

A: I read part of it, yes.

Q: You were pleased with it?

A: Yes, I guess I was pleased with it.

Q: Was that any different when Mr. Pipp wrote this article for you last August?

A: I don't remember much about that article.

Q: Not much about it?

A: No.

Q: Now, I will go back again: "My ambition,' declared Mr. Ford, 'is to employ still more men, to spread the benefits of this industrial system to the greatest possible number, to help them build up their lives and their homes. To do this we are putting the greatest share of our profits back into the business.'"

A: Yes, the greatest share of the profits back into the business. That is all right.

Q: Now, we understand that.

A: Yes, that is all right.

Q: Those quotations are correct?

A: That is all right, yes.

Q: You don't think you will want to change this now?

A: No, I don't think I will want to change this.

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***Ford Loses Dodge Bros. Profit Suit
Judge Hosmer Orders 50 Per Cent Division of
\$59,000,000 Dividends.
Ruling Reviews Rise of Motor Company***

DETROIT NEWS, Oct. 31, 1917, at 1.

John F. and Horace E. Dodge won today in their suit against the Ford Motor Co. and Henry Ford to have the profits of the company divided among the stockholders instead of using it as Mr. Ford planned, in enlarging the Highland Park plant, building a \$11,000,000 blast furnace on the Rouge river and purchasing a site in New York city for an office building and hotel.

Judge George S. Hosmer handed down a decision in the case this morning declaring that the Dodge brothers are entitled to the relief sought, except that he ordered a division of 50 per cent of the \$59,000,000 profits for the fiscal year ending July 31, 1916 instead of 75 per cent asked by the Dodge brothers. The complainants had formerly stated in a letter to Henry Ford that they wanted 50 per cent of the profits divided.

In fixing the division of profits at 50 per cent Judge Hosmer said:

“The acquiescence of a stockholder in the past will probably stop him from demanding full relief in the case at bar. All that complainants asked on Sept. 23, was 50 per cent of the profits of 1916 be declared as special dividends, and in view of the announced policy of the company and its plans for duplication of its plant, the relief should be measured by the demand; retention under the circumstances is an abuse of discretion.

“To that relief complainants are entitled but credit should be given for the dividends declared during the fiscal year ending July 31, 1917[.]”

No Trust Violation.

Judge Hosmer stated that although the Ford Motor Co. had declared dividends equal to only 5 per cent monthly on the \$2,000,000 capital stock of the company for several years and a few special dividends previous to 1916, the Sherman antitrust law had not been violated.

“All this has been done absolutely without contract, combinations in the form of trusts or otherwise or conspiracy in restraint of trade or commerce.”

The judge’s decision was written in great detail, requiring 23 pages. The court goes into the early-history of the motor company, giving the details of the Dodge brothers’ early connection with the company. He says that when the company had expanded until it could make its own parts the Dodge brothers discontinued their contracts with the Ford company in 1914.

Make Own Car.

“Having been very successful in their dealings with the company, upon their completion of their contract, John F. and Horace E. Dodge began the manufacture of a car on their own account,” said the judge.

“On starting this manufacture John F. Dodge, who had been on the board of directors of the Ford Motor Co., resigned. The Ford Motor Co. has prospered beyond all expectations and has met with unparalleled success. From time to time as its cost had been reduced by economies, the price of the car has been lowered to the general public. It is unnecessary to enter into its full history; it is sufficient to state that this has been the general policy of the company.”

Judge Hosmer said that the order of the court didn’t mean an immediate payment of the 50 per cent dividend.

“Doubtless counsel can arrange by agreement for a time or times of payment,” he said. “If this can be done the court will settle a decree in the usual manner, and if necessary hear testimony. Credit, of course, should be given for the special dividends declared out of the profits of the year ending July 31, 1916.”

Furnace “Incidental.”

In speaking of the necessity of the \$11,000,000 blast furnace as planned by Henry Ford, the court stated that it was “necessarily incidental.”

“At the time of the passage of the general corporation law and of the mining and smelting act as well, it was not contemplated that castings should be made direct from the ore,” said the court. “The title and provisions of the corporation act excludes commercial smelting of ore. This is conceded in this case, but it is claimed that the defendant may smelt ore for its own use and sell in the open market any excesses of product; that if this is beyond the corporate powers, it may make its castings

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direct from the ore and that the building of the Rouge plant comes within the dis[c]retion of the directors. Up to the present time pig iron has been had in sufficient quantity.”

Alfred Lucking, attorney for Mr. Ford, says the case will be appealed.

Ford’s Expansion Plans.

The suit was a prayer for an injunction to restrain Mr. Ford from building the blast furnaces, by which Mr. Ford was to turn iron ore directly into steel, something never done before, and by which Mr. Ford hoped to save millions of dollars, resulting in the lowering of prices of autos and tractors and higher wages for employes. The tractor and blast furnace plants were expected to give employment to about 30,000 men.

Mr. Ford, when the plea for a three circuit judges, got the right three circuit judges, won the right to go ahead with the construction of the blast furnaces by putting up a bond of \$10,000,000.

This bond was put up by Mr. Ford and preliminary work has been in progress. The project involved deepening of the River Rouge. The trial made public astounding facts of enormous wealth made in a few years by Mr. Ford and the Dodges, who broke with Ford a few years ago after making thousands per cent on their original investments.

***Henry Ford Beaten in \$60,000,000 Suit
Dodge Brothers Win Action for Disbursement of
Dividends
—Ford to Appeal.***

N.Y. TIMES (1851–2009), Nov. 1, 1917, at 24.

DETROIT, Mich., Oct. 31.—Minority stockholders of the Ford Motor Company today won the first round of their fight for increased dividends and a more important voice in the transactions of the company's business.

Circuit Judge George S. Hosmer of Detroit handed down a decision for the plaintiff in a suit brought by John F. Dodge and Horace E. Dodge of Detroit against the Ford Motor Company and Henry Ford, to compel Mr. Ford to disburse about \$60,000,000 of accumulated dividends to the company's stockholders. The Dodge brothers, who are automobile manufacturers, are also minority stockholders of the Ford Motor Company, in which Henry Ford holds a controlling interest.

Mr. Ford announced some months ago that he hoped to use this money greatly to increase his company's business. One of the features of his plan of expansion was the construction of great blast furnaces on the River Rouge, near Detroit. The Dodge Brothers attempted to obtain an injunction permanently restraining Mr. Ford from starting construction work on these furnaces, but the State Supreme Court allowed him to begin building provided he furnished a bond to protect the company's stockholders from loss in case the Dodge Brothers won their suit. The bond was furnished and the work at River Rouge was started.

Mr. Ford has declared that he would appeal the case to the United States Supreme Court if the lower courts decisions were against him. It was charged by the Dodge Brothers that he was supreme in directing the business of the Ford Motor Company and the minority stockholders had no voice in the affairs of the company. He denied this charge.