

Handout 8-2

FORD MOTOR COMPANY SALES, 1907-17 *

Model Year	Unit Sales of Cars	Price of Typical Model Car
1907-1908	6,398	\$2,800 (Model K)
1908-1909	10,607	850
1909-1910	18,664	950
1910-1911	34,528	780
1911-1912	78,440	690
1912-1913	168,304	600
1913-1914	248,307	550
1914-1915	221,805 (10 mos.)	490
1915-1916	472,350	440
1916-1917	730,041	360

Questions

- Why is there such a large difference between the price of the Model K and the price of the first Model T that was placed on the market only a year later?
- Why did the price of the Model T continue to decline?
- In 1914 the going wage in the auto industry averaged about \$2.40 for a nine-hour day. In that year, Ford announced a minimum wage of \$5.00 for an eight-hour day—and the price of Ford cars was still going down. How was it possible to raise wages and cut prices simultaneously?

*From Robert L. Heilbroner, *The Making of Economic Society*, 5th ed. (Englewood Cliffs, N.J.: Prentice-Hall, 1975), p. 106. Used by permission of Charles Scribner's Sons from *Ford: The Times, the Man, the Company* by Allan Nevins. Copyright 1954 Columbia University. Compiled from pp. 644 and 646-647.