

Cambridge University Press

978-1-107-40023-8 - American Business Abroad: Ford on Six Continents

Mira Wilkins and Frank Ernest Hill

Frontmatter

[More information](#)

AMERICAN BUSINESS ABROAD

Ford on Six Continents

American Business Abroad: Ford on Six Continents, by Mira Wilkins and Frank Ernest Hill, documents the first sixty years of Ford Motor Company's international expansion. Ford introduced Americans to the first affordable car. Based on Ford's extraordinary company archives, this book traces the company's rise as a multinational enterprise. Following the export of the sixth car produced by the company, Ford opened its first plant abroad in its second year of business and quickly expanded around the world, building a business that by the mid-1920s spanned six continents. It faced wars, nationalism, numerous government restrictions, and all the perils of operating across borders. First published in 1964, this book has lasting value in reminding readers of the long and uneven path of globalization. It is a major contribution to global economic history. In addition, Ford's history offers useful lessons today for both participants in the global economy and students of international business.

Mira Wilkins is Professor of Economics at Florida International University. She has also taught at Columbia University, Union College, and Smith College. Her expertise is on the history of multinational enterprise. She is the author of many books and articles, including *The History of Foreign Investment in the United States, 1914–1945* (2005), which was a *Choice* Magazine Outstanding Academic Title and the co-winner of the Hagley Book Prize for the Best Book in Business History. Her latest book (co-authored with William J. Hausman and Peter Hertner) is *Global Electrification: Multinational Enterprise and International Finance in the History of Light and Power, 1878–2007* (Cambridge, 2008).

Frank Ernest Hill (1888–1969) was a freelance writer, author, and editor. He taught English at the University of Illinois, Stanford University, and Columbia University and served as editor-in-chief of Longmans, Green & Co. for six years. He published *The Winged Horse* (1927) and a translation of Chaucer's *Canterbury Tales* (1931), and he participated in Allan Nevins' study of Rockefeller and co-authored a major three-volume Ford Motor Company history with him.

Cambridge University Press

978-1-107-40023-8 - American Business Abroad: Ford on Six Continents

Mira Wilkins and Frank Ernest Hill

Frontmatter

[More information](#)

AMERICAN BUSINESS ABROAD

Ford on Six Continents

With an Introduction by Allan Nevins

New Edition with a New Introduction by Mira Wilkins

Mira Wilkins

Florida International University

Frank Ernest Hill



CAMBRIDGE
UNIVERSITY PRESS

Cambridge University Press
978-1-107-40023-8 - American Business Abroad: Ford on Six Continents
Mira Wilkins and Frank Ernest Hill
Frontmatter
[More information](#)

CAMBRIDGE UNIVERSITY PRESS
Cambridge, New York, Melbourne, Madrid, Cape Town,
Singapore, São Paulo, Delhi, Tokyo, Mexico City

Cambridge University Press
32 Avenue of the Americas, New York, NY 10013-2473, USA
www.cambridge.org
Information on this title: www.cambridge.org/9781107400238

First edition © Wayne State University Press 1964
New edition © Mira Wilkins 2011

This publication is in copyright. Subject to statutory exception
and to the provisions of relevant collective licensing agreements,
no reproduction of any part may take place without the written
permission of Cambridge University Press.

First published 1964 by Wayne State University Press
New edition published 2011

Printed in the United States of America

A catalog record for this publication is available from the British Library.

ISBN 978-1-107-00797-0 Hardback
ISBN 978-1-107-40023-8 Paperback

Cambridge University Press has no responsibility for the persistence or accuracy of URLs
for external or third-party Internet Web sites referred to in this publication and does not
guarantee that any content on such Web sites is, or will remain, accurate or appropriate.

Cambridge University Press

978-1-107-40023-8 - American Business Abroad: Ford on Six Continents

Mira Wilkins and Frank Ernest Hill

Frontmatter

[More information](#)

Contents

List of Illustrations / vii

Preface / ix

Introduction to the New Edition / xi

Introduction to the First Edition / xxv

- 1** First Venture / 1
- 2** Probing for Markets / 14
- 3** Model T: Triumph and Fable / 35
- 4** The Alchemy of War / 60
- 5** Steps in Expansion / 88
- 6** The Sun Never Sets / 113
- 7** Prosperity and Frustration / 134
- 8** The Missionary Spirit / 162
- 9** The Best-Laid Plans / 185
- 10** Marriage of Convenience / 208
- 11** Time of Desperation / 228
- 12** A World Disturbed / 253
- 13** Extreme of Nationalism / 270
- 14** The British Empery / 286
- 15** On Both Sides of World War II / 311
- 16** The Crippled Phoenix / 337
- 17** The New Company / 360
- 18** Manufacturing for World Markets: From Dagenham to Geelong / 380
- 19** New Times, New Faces, New Policies / 406

Cambridge University Press

978-1-107-40023-8 - American Business Abroad: Ford on Six Continents

Mira Wilkins and Frank Ernest Hill

Frontmatter

[More information](#)

Contents

Appendices / 433

I. Heads of Ford's Foreign Activities, 1903–1962 / 434

II. Ford's Automotive Foreign Operations / 434

III. Ford U.S. Production of Cars and Trucks
Compared with Ford Production for Foreign Markets, 1903–1962 / 436

IV. Tractor Production—Fordson, Ford-Ferguson System, and
Ford—Dearborn-Detroit, Cork, and Dagenham, 1917–1962 / 438

V. Chart 1: U.S. Ford Deliveries to Europe, Latin America, and Asia
(Cars and Trucks, after 1918), 1903–1921 / 440

Chart 2: Ford Deliveries to Foreign Dealers, 1922–1940 / 440

Chart 3: U.S.-type *v.* European-type Ford Passenger Cars
Delivered to Foreign Dealers, 1932–1940 / 441

VI. Ford Motor Company of Canada, Ltd.,
Sales of North American-type Vehicles (1905–1959), to Ford–South
Africa, Ford–Australia, Ford–India, Ford–Malaya, and Ford–New Zealand / 542

VII. Ford Motor Company International and Total Sales, 1954–1962 / 443

VIII. Ford U.S. Equity in Net Assets of Foreign Subsidiaries
and Branches, 1952–1962 / 443

IX. Ford Motor Company Profits of Foreign Operations
and Dividends and Profit Received, 1946–1961 / 444

Bibliographical Essay / 445

Notes / 459

Index / 515

Cambridge University Press

978-1-107-40023-8 - American Business Abroad: Ford on Six Continents

Mira Wilkins and Frank Ernest Hill

Frontmatter

[More information](#)

Illustrations

	<i>facing page</i>
1a Henry Ford, 1904	50
1b Ford with Percival Perry, 1916	50
2a South Australian wagon and a Ford car, 1916	51
2b Ford cars being loaded	51
3a James Couzens	82
3b Edsel Ford	82
3c Lord Perry and C. E. Sorensen	82
3d Sir Patrick Hennessy	82
4a Ford plant at Dagenham, England	83
4b First English Ford, Model Y	83
4c Ford Motor Company of Canada Ltd., Oakville, Ontario	83
5a Rubber tree development in Brazil	242
5b Sorensen and Perry in Poland	242
6a Graeme K. Howard	243
6b Tom Lilley	243
6c John Bugas	243
6d Ernest R. Breech	243
7a Consul Cortina, 1962	274
7b Taunus, 1961	274
8 Henry Ford II	275

Cambridge University Press

978-1-107-40023-8 - American Business Abroad: Ford on Six Continents

Mira Wilkins and Frank Ernest Hill

Frontmatter

[More information](#)

Preface

The hero of Jules Verne's *Around the World in Eighty Days* faced momentous obstacles; the authors of *American Business Abroad* recognized from the beginning of their project that they too must encircle the earth and that the task would occupy not a mere eighty but at least eight hundred days. It was a daunting assignment not only in geographical range and the varieties of national conditions to be encountered, but it must also take account of numerous dramatic and even violent changes in government, industry, and business that have marked the last sixty years.

We could not have undertaken the assignment "cold." The chief factor that made its accomplishment a possibility was that both of us had already spent some years studying automotive history, a part of that time on overseas activities. Consequently we started with a rather full background of general and even of particular information and could proceed from that point of vantage.

Important in the initiation of the project was the role of Henry E. Edmunds, Director of Research and Information for the Ford Motor Company and the head of the Ford Archives. Mr. Edmunds encouraged us to lay the project before the Ford Fund, which subsidizes activity it considers in the public interest. The Fund made a generous grant to Columbia University, and we have worked as salaried employees of the university. After two years, the Ford Fund made a supplementary contribution to the university. We have been accountable only to Columbia University. We have also enjoyed the advice and constructive criticism of Allan Nevins, an authority in business, as well as in general, history and co-author with Mr. Hill of the three-volume account of the Ford Motor Company.

Once the project was launched, Ford officials gave us their valuable cooperation. Mr. Edmunds, with Richard Ruddell, Winthrop Sears, and Alice Benn of his staff, were constantly helpful. So were officials of the

Cambridge University Press

978-1-107-40023-8 - American Business Abroad: Ford on Six Continents

Mira Wilkins and Frank Ernest Hill

Frontmatter

[More information](#)*Preface*

Ford International Division, particularly Tom Lilley, W. McKee, M. J. O'Neill, John Mayhew, and J. Wilner Sundelson. Miss Charlene Ferrill and Mrs. Ruth Baker were of great aid in locating materials; and such Ford officials as the Secretary Charles J. Fellrath, William J. Mitchel, and David C. Duncan extended important assistance. The International Division opened to us the doors of Ford companies throughout the world. (For details of persons interviewed and materials made available, see the Bibliographic Essay.) It would be impossible to thank here the managers, public relations officers, and employees of all the Ford companies abroad. Especially helpful were Sir Patrick Hennessy in England and his associates, R. M. Sale in Canada (Canada controls all Ford companies in British Commonwealth territory outside Britain and the Mediterranean area) and Humberto Monteiro in Brazil; but courtesy and aid were extended everywhere. We are particularly appreciative of the assistance of William Patten and Colin Bray in England (who arranged meetings and provided transportation over a period of months) and of F. G. Batters in Canada, whose advice was of the highest value.

In the preparation of the final manuscript we were fortunate to have had the aid of Miss Elizabeth Rumics, who not only did a superlative job of typing but who noted errors and inconsistencies and helped to set up the more difficult appendices.

In writing the book we found ourselves introduced to the methods of transacting business in all parts of the world. While our chief concern was with Ford, we were constantly obliged to consider its competitors. This was true even in the early 1900s and continued to be true as the century advanced. But the types of competition changed drastically, especially with the adoption by most foreign manufacturers of Ford's production methods and with the development of the small economical European cars, such as the Morris and the Austin, the Renault and the Citroën, the Fiat, the Opel, and the Volkswagen.

We have sought to paint a true and vivid picture of the chief international automotive activities of the last sixty years. We hope we have been able to marry an exciting story with important information about foreign enterprises. If we have failed to do so, the fault lies in us and not in the available material, which has been colorful, informative, and abundant.

M.W.

F.E.H.

New York, June 1963

Cambridge University Press

978-1-107-40023-8 - American Business Abroad: Ford on Six Continents

Mira Wilkins and Frank Ernest Hill

Frontmatter

[More information](#)

Introduction to the New Edition

Ford Motor Company's Web page describes the firm as "a global automotive industry leader, based in Dearborn, Mich., [which] manufactures or distributes automobiles across six continents." That was, and indeed is, the company's heritage. Now almost fifty years since its publication in 1964, there is a new edition of Mira Wilkins and Frank Ernest Hill's *American Business Abroad: Ford on Six Continents*. The book, which has long been out of print, traces the history of Ford's international business. It was Ford Motor Company that introduced to Americans and to the rest of the world an affordable car that would revolutionize personal transportation. For many individuals around the world, the words *Ford* and *automobile* were at one time synonymous. Our book on Ford's global expansion has continued to be cited and has had over the many years a substantial impact on the study of international business, international business history, and business history.

As a new generation at Ford Motor Company leads this global enterprise, it is worth recalling the firm's more than one hundred years of involvement in business around the world. Ford Motor Company's participation in international business was spurred by Henry Ford, Edsel Ford, and Henry Ford II. The commitments to business abroad were implemented by a formidable array of individuals in Detroit/Dearborn—and around the globe—who developed the vast operations.

American Business Abroad: Ford on Six Continents has been used in discussions of global history, diplomatic history, histories of technology, and particular national and regional histories. Some students of economic development have drawn on its findings. It has contributed to the study of the history of one of the largest and most important companies in the world, the Ford Motor Company, as well as to research on the global (and on national) automotive industries. The book was a pioneer in looking specifically at the international business of a prominent company. There had been many other prior business histories that explored in detail international businesses, those on Standard Oil Company (New Jersey) and

Cambridge University Press

978-1-107-40023-8 - American Business Abroad: Ford on Six Continents

Mira Wilkins and Frank Ernest Hill

Frontmatter

[More information](#)*Introduction to the New Edition*

Unilever, for example. Our book on Ford abroad was, however, different, for its goal was *to focus on* the firm's history as a multinational enterprise.

The original 1964 text of the book is reprinted here, with its preface by the authors and its introduction by Allan Nevins. In this Introduction to the New Edition, I (Mira Wilkins) want to tell of the genesis of the volume, consider its relevance today, and comment on its influence. I want to explain why a "New Edition."

My involvement on this project began in 1958, when the well-known Pulitzer Prize-winning historian Allan Nevins, who taught in Columbia University's history department, asked me to go to Dearborn, Michigan, as a research associate on the third volume of his and Frank Ernest Hill's history of Ford Motor Company. The first two volumes of that history had been published in 1954 and 1957, respectively.¹

I was a young Ph.D. (from Cambridge University, England), who had, after my Ph.D. was awarded in 1957, gotten a position as a research associate for Nevins and Ralph Hidy on their history of the Weyerhaeuser company.² I was headquartered on the Upper West Side, in a Columbia University-owned brownstone that no longer exists but was at that time the hub for Nevins's team, which included me and Frank Hill, and Ralph Hidy's team, which included the soon-to-be prominent investment banking historian Vincent Carosso—all of us seeking to finish the long-delayed Weyerhaeuser manuscript.

With that book completed, for their coincidentally still-in-process history of Ford Motor Company, Allan Nevins and Frank Hill needed someone in Dearborn, Michigan, to do research for the third volume. (The third volume was published in 1963.)³ Ford Motor Company had granted Nevins and Hill full access to the absolutely extraordinary Ford archives. This access would be extended to Frank and me, when about a year and a half later we embarked on the separate history of Ford's international business. But that was for the future; in mid-1958, I moved to Dearborn/Detroit, young and not sure what to expect.

In charge of the Ford archives at that time was Henry ("Hank") Edmunds, a former archivist for the International Monetary Fund and a

¹ Allan Nevins with the collaboration of Frank Ernest Hill, *Ford: The Times, the Man, the Company* (New York: Charles Scribner's Sons, 1954); Allan Nevins and Frank Ernest Hill, *Ford: Expansion and Challenge* (New York: Charles Scribner's Sons, 1957).

² That book was published in 1963: Ralph Hidy, Frank Ernest Hill, and Allan Nevins, *Timber and Men: The Weyerhaeuser Story* (New York: Macmillan, 1963).

³ Allan Nevins and Frank Ernest Hill, *Ford: Decline and Rebirth* (New York: Charles Scribner's Sons, 1963).

Cambridge University Press

978-1-107-40023-8 - American Business Abroad: Ford on Six Continents

Mira Wilkins and Frank Ernest Hill

Frontmatter

[More information](#)*Introduction to the New Edition*

very wise and experienced individual. In Dearborn, I was in the archives on a daily basis, lunching with new friends who worked at Ford Motor Company and often with Hank Edmunds himself. While doing research for the third volume of the Nevins and Hill history, I came across a huge collection of letters, reports, and other information on Ford's international business (far too much material for Nevins and Hill's third volume). Here was unfolding before my eyes world economic, political, and social history seen through the lens of key decision makers at a large, important American company. Ford Motor Company provided open access to the entire collection. And, what a set of documents there was. In the days before e-mail, clear and cheap international telephoning, and jet plane travel (the first jet airplanes crossed the Atlantic on a commercial basis in 1958), everything was put into writing. Ford executives sent letters and wrote reports. After seeing this rich material, I proposed a separate history of Ford Motor Company's business abroad.

My suggestion came at just the right time. The Ford Motor Company was at this point in the midst of a major international expansion. The company's top management was excited by the project. Hank Edmunds was supportive. Nevins facilitated matters. His colleague and longtime friend, Frank Hill (1888–1969), who had worked with Nevins on all three volumes of Ford history and was truly knowledgeable, would join me as co-author of this book project. The arrangements are spelled out in the Preface, and reprinted herein.

Ford Motor Company looked outward from the United States from the start. The sixth car it produced was exported. It had a plant in Canada in its second year of existence. Early in its history it established itself in Europe and then around the rest of the world. In Appendix II of this book, we provide data on forty-three countries on six continents, where Ford Motor Company had organized an affiliate (company or branch) engaged in automotive operations—sales, assembly, or manufacturing—before 1963. For this book, we traveled and visited a selected sample of Ford's affiliates abroad. We had access not only to archives in Dearborn but those at the affiliates' foreign locations as well. In 1961, I went up the Amazon to see the Ford rubber plantation (Ford had sold its plantations to the Brazilian government in 1945 but made arrangements for me to make the visit). The book has a long bibliographical essay that offers a guide to the archival and other sources that we consulted. Everywhere, Ford Motor Company's managers provided aid and assistance. Writing the book was breathtaking. We had to understand twentieth-century global economic, political, and social history. We had to understand automotive history. And we also had to understand international

Cambridge University Press

978-1-107-40023-8 - American Business Abroad: Ford on Six Continents

Mira Wilkins and Frank Ernest Hill

Frontmatter

[More information](#)*Introduction to the New Edition*

economics, international trade, and theories of multinational enterprise. But, most important, we had the view from inside the company—so we could discern the company as an actor on the ever-evolving world stage. Over the decades, the company's business abroad went through changes: growing, restructuring, encountering obstacles, at times retreating, and then reviving in full or partially, with new sets of experiences. The archives contained gems, such as a letter from Sun Yat-sen (in 1924) urging Ford to participate in Chinese economic development.

When I was undertaking the Ford history I traveled to Europe and Canada and used archives there and talked with Ford employees at subsidiaries, and when I went all through Latin America (finding sources in remote locales), I knew that I needed to study the history of more companies and other international businesses. Was Ford typical or atypical in its long international involvements? There was a lot that I learned about Ford Motor Company as an international business that just did not exist anywhere else in the economics, history, political science, sociology, or other literatures.

At the start of *American Business Abroad: Ford on Six Continents*, we tried to put Ford history into the context of the history of American business abroad. Clearly, there was much that we did not know. The next stage of my own research was to fill that gap. The results were *The Emergence of Multinational Enterprise: American Business Abroad from the Colonial Era to 1914* (1970) and *The Maturing of Multinational Enterprise: American Business Abroad from 1914 to 1970* (1974).⁴

Those books were prompted by the recognition that the available literature had not furnished an adequate context for our Ford abroad study. When we wrote *American Business Abroad: Ford on Six Continents*, we knew there were many other American companies with long histories in international business, yet we had no awareness of the extent of the history of American firms' international business. The research that followed (my own and that of others) makes *American Business Abroad: Ford on Six Continents* more relevant as one considers the book today. Ford Motor Company's early and extensive international business was part of a pattern of major U.S. companies' lengthy international involvements.

My *The Emergence* and *The Maturing* were researched and written while I was at Columbia Business School, where I went after the research on

⁴ Mira Wilkins, *The Emergence of Multinational Enterprise: American Business Abroad from the Colonial Era to 1914* (Cambridge, Mass.: Harvard University Press, 1970) and Mira Wilkins, *The Maturing of Multinational Enterprise: American Business Abroad from 1914 to 1970* (Cambridge, Mass.: Harvard University Press, 1974).

Cambridge University Press

978-1-107-40023-8 - American Business Abroad: Ford on Six Continents

Mira Wilkins and Frank Ernest Hill

Frontmatter

[More information](#)*Introduction to the New Edition*

the Ford book had been completed. *The Emergence* and *The Maturing* were both pushed forward by the depth of the archival experience that I had gained in writing about the history of Ford's international operations. In preparing *The Emergence* and *The Maturing*, I traveled, visiting Latin America, Europe, Africa, and Asia, interviewing executives at numerous American businesses abroad. I had connections. Nevins knew Courtney Brown, Dean of the Columbia Business School. Brown was a former director of Standard Oil Company (New Jersey). He provided introductions for me. Our Ford study had stimulated me to ask all kinds of questions and to explore existing theories of international business—as well as to develop my own thinking on international business history. While my approach was to look at companies, their management, their strategies and structures, and the ebbs and flows in centralization and decentralization as they pursued international business over time, I never forgot that companies operate in an environment of economic, political, and social change. After all, it was global history that had intrigued me and brought me to Ford's international history in the first place. It was for me a given that I needed to know well the conditions in each nation (and region) where firms made investments. I had to construct as well as read about global history—while reading everything available in national histories. (When I say “construct,” I mean that I had to broaden my thinking beyond national histories to think in terms of global history.) I found the literature of diplomatic history invaluable. I also knew from writing Ford history that business archives offered important documents not available elsewhere.

Ford history taught me about the fabric of multinational enterprise. Often scholars deal with bilateral relationships; when one looks closely at the history of a multinational enterprise, what emerges is a story of all kinds of multilateral ongoing interrelationships (one is not simply considering trade, capital, people, and technology flows but a fabric of enterprise that evolves in a global context and over time). It is something that is very salient today, as we consider current globalization issues.

My research on the history of Ford Motor Company and on the history of American business abroad in general in the late 1950s and 1960s came at the time when U.S. businesses were expanding abroad in a dramatic fashion. In the late 1960s (after the first edition of this book was published) Jean Jacques Servan-Schreiber was writing on the “American Challenge in Europe”—a challenge of American management. As this U.S. business expansion occurred, there were pioneering studies on international business (and then international business history). Among the many scholarly participants in the late 1950s and 1960s were Raymond Vernon, John Dunning, Charles

Cambridge University Press

978-1-107-40023-8 - American Business Abroad: Ford on Six Continents

Mira Wilkins and Frank Ernest Hill

Frontmatter

[More information](#)

Introduction to the New Edition

Kindleberger, Edith Penrose, and Alfred Chandler. In time I got to know personally these (named) individuals. One person in particular, omitted from this roster, is Stephen Hymer. Hymer has often been cited as the father of international business theory. When we wrote the Ford book, I had not read Hymer; by the time I had published *The Emergence* and *The Maturing*, I had indeed read Hymer's thesis (which he completed at MIT in 1960, but was not published until 1976). Hymer was one of many and various authors that contributed to my thinking on international business in the mid- and late 1960s. I never met him.

By the 1970s and 1980s, it became very apparent that not only American businesses were (and had long been) involved internationally; European and Japanese businesses were expanding over borders, and the scholarship on international business and international business history grew. International business history became a field, an interdisciplinary one. The international business histories of firms from European countries, Japan, Canada, and to a far lesser extent other nations attracted researchers' interest (including my own as I turned to do research on foreign investments in the United States).

In the 1970s and 1980s, as well as the 1990s and the first decade of the twenty-first century, the literature on international business and international business history swelled. This introduction is not the place to describe the numerous books, articles, and working papers that have been written on international business and international business history. Needless to say, the number of contributions will continue to grow in the decades to come. Harvard Business School now has Geoffrey Jones as its Straus Professor of Business History, and he has spent his whole career writing international business history. The explosion of new work in the field makes this New Edition of our Ford abroad book seem increasingly relevant.

With the book now back in print, what exactly is its relevance for present-day readers? One fundamental finding is that globalization is not something new for the U.S. automobile industry, particularly for Ford Motor Company. However, globalization (both internal and external to the corporate expansion) takes on different characteristics through time. Global relationships are often redefined. Ford's story, and the role of other individual firms within the history of the world economy, casts important light on the past as well as offers key insights for the future.

Our Ford abroad book shows that corporate achievements, reversals, and renewals were part of a dynamic process. History matters. Change is important. Throughout, decisions (corporate management's choices) occurred in the context of economic conditions and legal mandates of

Cambridge University Press

978-1-107-40023-8 - American Business Abroad: Ford on Six Continents

Mira Wilkins and Frank Ernest Hill

Frontmatter

[More information](#)*Introduction to the New Edition*

sovereign states. As Allan Nevins wrote in the Introduction to this book, Ford as it expanded internationally encountered “every conceivable obstacle,” including “alien prejudice and condescension; waves of nationalism expressed in tariff walls, unfair taxes, quota restrictions, and government decrees; special requirements growing out of geography, climate, and unpredictable variations in taste; and all the vicissitudes of both hot and cold war.” How the company’s executives dealt with these “obstacles,” as well as how they were able to take entrepreneurial initiatives in inaugurating new strategies and structures, seems at the very essence of international business history and seems as relevant today as in 1964. To understand international business history, students must never forget the economic, political, social, and cultural context in which firms operate. And, in turn, the study casts a great deal of light on those economic, political, social, and cultural changes. There is nothing new about the economic patriotism that Ford faced around the world.

Our Ford abroad book contributes to an understanding of the nature of the multinational enterprise, for what is theory if it is not understanding? One case study obviously is inadequate in thinking about generalizations, but this particular case is revealing—and much more so, as we reread it in the context of the research subsequent to its 1964 publication. A good theory of multinational enterprise must consider the firm, always within the dynamics of an evolving historical framework. The book deals with choices and how they were made. Today, many economists discuss international backward vertical integration, producing inputs abroad, and horizontal integration (repeating the same process across borders), as requiring different theories. But Ford engaged in vertical integration (forward along with backward), horizontal integration, and related diversification simultaneously at home and abroad. Its basic activities were in reaching markets through sales affiliates, assembly plants (to save on transportation costs, to get behind tariff and other trade barriers, and to meet national aspirations), and manufacturing plants abroad (when the market size was adequate to support production or when there were national requirements). In one period Ford grew rubber in Brazil and manufactured tires in the United States. As it exported and set up distribution channels (and then assembly plants and manufacturing facilities), it also integrated backward into various kinds of purchasing arrangements. For one short interval, it transported its goods abroad on its own ships (but found that not to be cost-effective). It diversified into having credit companies in some international markets. Over the course of its history it had different experiences, and its decision making took on different

Cambridge University Press

978-1-107-40023-8 - American Business Abroad: Ford on Six Continents

Mira Wilkins and Frank Ernest Hill

Frontmatter

[More information](#)*Introduction to the New Edition*

dimensions. A good understanding, a good theory of multinational enterprise, must take into account process, change, uneven expansion, and withdrawals. It should focus on the firm. It needs to consider management and the choices in both expansion and exits, in designing appropriate products, and in deciding where to produce end products and where to source inputs into the production process. The Ford story, as with all multinationals, changes through time. The changes relate to activities both internal and external to the firm.

The book reminds us of the jagged course of the business history of firms. While Ford Motor Company in 2009 did not go into bankruptcy as did General Motors and Chrysler, the Ford company has recently gone through some very lean times, and as I am writing seems to be coming out of them with new management, new products, new commitments to coping with adversity, and a new sense of renewal. The relevance of this history is that in the Ford story, Ford had in the past gone through decline and successful rebirth at home—and perhaps more than once. Abroad, in individual markets it has had great success, lost market share, and then resumed vitality. Indeed, the story of Ford's international business gives us a sense of possibilities, of adjustments, and the recognition that the historical narrative is anything but straightforward. History is about process, change, uneven change. The book documents the changing relationships between the parent company and its affiliates abroad, and there is much to be learned from the interrelationships over time between the parent and its affiliates.

Through the recent decades, a vast literature on international business and international business history has emerged. Our Ford abroad book, which stimulated my own thinking in the field, had some (albeit limited direct) influence on most of the research of others. Thus, many contemporary readers of the book will be surprised at how pertinent the pre-1963 story line is. For me it was the spur to subsequent research that extended not only to the study of the history of American business abroad and of foreign investment in the United States, but also to considering, for example, differing forms of multinational enterprises (such as free-standing companies), the role of intangible assets (trademarks and brands), host country comparisons, the histories of specific industries beyond automobiles (from oil to electric utilities to insurance), and financial-direct investments characteristics and interactions. While many writers on international business and international business history in the last fifty years never read *American Business Abroad: Ford on Six Continents*, this new edition will give them that opportunity. For me the research for and the writing of this book was my entry into a field

xviii

Cambridge University Press

978-1-107-40023-8 - American Business Abroad: Ford on Six Continents

Mira Wilkins and Frank Ernest Hill

Frontmatter

[More information](#)*Introduction to the New Edition*

in which I continued to participate—a field that has now come of age. Our Ford abroad book was at the naissance of scholarship in the field of international business and international business history.

American Business Abroad: Ford on Six Continents was, and is, germane not only to the broad field of international business and international business history, but over the years the book has come to be included (more specifically) among the writings on comparative and international automobile history. The literature on that subject has grown greatly in the past fifty years. Some of the new works built on and were directly influenced by the research that we did for the Ford abroad book. Many individuals have visited the Ford archives and elaborated on the materials set forth in our book, re-looking in more depth at facets of the pre-1964 history of Ford in particular countries as well as writing on aspects of Ford's post-1964 international experiences.

Publications on the Brazilian automobile industry by Helen Shapiro and Joel Wolfe, on the British automobile industry by Roy Church and Steven Tolliday, on the French automobile industry by Patrick Fridenson, on the Canadian car industry by Dimitry Anastakis, and on the Malaysian car industry by Shakila Jacob drew valuable background information from our book. Other research using our findings has been done on Ford in Turkey and in Italy. There was a careful study of Ford Motor Company in Germany during the Nazi period (headed by Elizabeth Adkins). And, most important, associated with Ford's one-hundredth anniversary in 2003, Hubert Bonin, Yannick Lung, and Steven Tolliday put together a two-volume set of essays on Ford in Europe. Their book assembled thirty-one separate studies on Ford's history in Europe. The second volume of that collection has a fine bibliography (pages 579–592) on Ford in Europe.⁵ In France, stimulated by Patrick Fridenson, there have been major studies of Fordism and the meaning of the term; GERPISA, a group set up in 1981 for research on automobiles and their economic impact, has over the decades generated numerous contributions to historical understanding. As for our Ford abroad book's impact in Japan, it was sizable. The book was translated into Japanese. In Japan, there have been key contributions to the automotive industry literature (by Tetsuo Abo, Koichi Shimokawa, Masaru Udagawa, and Kazuo Wada, for instance). Over the years, I found that I went back to research done for the Ford abroad book, using it in various ways

⁵ Hubert Bonin, Yannick Lung, and Steven Tolliday, eds., *Ford: The European Experience, 1903–2003*, 2 vols. (Paris: Editions P.L.A.G.E., 2003).

Cambridge University Press

978-1-107-40023-8 - American Business Abroad: Ford on Six Continents

Mira Wilkins and Frank Ernest Hill

Frontmatter

[More information](#)*Introduction to the New Edition*

that related to automotive historical studies. For example, in 1978, Douglas Ginsburg and Bill Abernathy had a symposium at Harvard Business School on “Government, Technology, and the Future of the Automobile,” to which I contributed a paper on “Multinational Automobile Enterprises and Regulation: An Historical Overview.”⁶ I gave two presentations in Japan, based on our Ford abroad book and the notes collected for it, at Fuji conferences in 1980 and 1989. The first was on automobiles and international markets, and the second was on the economic impact of the car industry on Japanese economic development.⁷

In short, the research for the book had differing academic uses, and the book’s relevance in all these respects persists. None of the subsequent books, articles, and working papers precludes going back to the Ford abroad book itself (quite the contrary, the added writings enrich what the reader will derive from it). And, it should be noted, there were many books and articles on the pre-1964 automobile industry that did not use our work; their authors and others will now be able to see how their past studies would have been enhanced by reading *American Business Abroad: Ford on Six Continents*—and how their future writings can benefit.

In addition, despite the outpouring of publications on the history of the international automobile industry (and the previously mentioned contributions barely touch the surface of the many offerings), regrettably no one has updated our Ford abroad book, to encompass the entire worldwide operations of Ford, from 1963 to the present. Although there was a one-hundredth anniversary volume on Ford Motor Company, *Wheels for the World*, the author (Douglas Brinkley) devoted a mere 150 pages (of an 858-page tome) to the period not covered by the Nevins and Hill and Wilkins and Hill histories. Brinkley failed to give adequate attention to the significant developments in the global automobile industry—much less Ford’s role—since those earlier volumes were published.

⁶ Mira Wilkins, “Multinational Automobile Enterprises and Regulation: An Overview,” in Douglas H. Ginsburg and William J. Abernathy, eds., *Government, Technology, and the Future of the Automobile* (New York: McGraw-Hill, 1978), 221–258.

⁷ Mira Wilkins, “Automobiles and International Markets,” in Akio Okochi and Koichi Shimokawa, eds., *Development of Mass Marketing: The Automobile and Retailing Industries* (Tokyo: University of Tokyo Press, 1981); Mira Wilkins, “The Contributions of Foreign Business to Japanese Economic Development,” in Takeshi Yuzawa and Masaru Udagawa, eds., *Foreign Business in Japan before World War II* (Tokyo: University of Tokyo Press, 1990), 35–57, and “Response” to Comment in *ibid.*, 59–60.

Cambridge University Press

978-1-107-40023-8 - American Business Abroad: Ford on Six Continents

Mira Wilkins and Frank Ernest Hill

Frontmatter

[More information](#)*Introduction to the New Edition*

Ford's international business experiences from 1963 to the present cry out for full coverage. Our book is important in providing the foundations for what would take place in the years that followed. What a different world exists today from that in the early 1960s. Although Japanese competition in the United States had begun, the role of Japanese car companies was then barely visible. GM, Ford, and Chrysler accounted for more than 90 percent of U.S. domestic car sales. The discussions of Fordism versus the "Toyota system" were still for the future. The global automobile industry has impacted and been impacted by the ever-evolving world economy. Ford's international business in the years 1963 to the present has faced major challenges. Yet, through it all there has been, as in the earlier years, resilience, changes in strategies and structures, and new initiatives taken. Product and process engineering have changed, as have the configurations of the global car industry. There have been mistakes, but there has been survival. As of 2010, Ford has roughly seventy plants worldwide and manufactures or distributes automobiles across the six continents.

When we wrote the Ford abroad book, we relied on data in the archives in Dearborn (and those in Canada) for evidence on the company's prior and extensive history in Asia. We used Canadian archives, because for a long period, Ford's activities in all of the British empire (or former British empire), outside of the United Kingdom, were administered by the Canadian Ford company. When we were doing research on the Ford abroad book, we did not visit Asia, because, as we wrote, "at the time of preparing this volume, the Japanese Ford company was inactive, the Indian company in a state of voluntary liquidation, and the Chinese operation moribund" (page 447). How different a world it is today. Ford renewed its operations in Japan. With India's opening in 1991 to foreign companies, Ford has returned to doing business in India. Even more important, when I visited China in 2008, Mei-Wei Cheng (CEO of Ford China 1999–2008) outlined the ambitious undertakings that Ford has in China. Our book furnishes important background, an historical context, for these post-1964 global activities of Ford Motor Company. It is often forgotten that Ford had a prior history in Asia—before war, economic nationalism, and communism intervened to sever the one-time associations. What is also crucial is how different the historical narrative was when comparing Ford experience in Japan, India, and China. Asia was not one regional market, but for Ford each country had involved highly distinct strategies that are documented and explained within our Ford abroad book.

Cambridge University Press

978-1-107-40023-8 - American Business Abroad: Ford on Six Continents

Mira Wilkins and Frank Ernest Hill

Frontmatter

[More information](#)*Introduction to the New Edition*

After I completed my research and left Dearborn, the Ford archives went through ups and downs. Elizabeth Adkins has described what occurred.⁸ Briefly, in December 1964, Ford Motor Company donated the major portion of what had been in its archives (principally pre-1956 materials) to what is now called The Benson Ford Research Center of the Henry Ford Museum (The Henry Ford). Later, Ford Motor Company made additional record transfers to The Henry Ford. Meanwhile, a second archive continued under the administration of the Ford Motor Company; the core of that collection was based on material that remained with the company after the donation. Ms. Adkins, who was the head Ford archivist from 1996 to 2009, re-energized the archival activities. In 1998, arrangements were made for the joint management of the “Ford Motor Company Archives” and the “Benson Ford Research Center of The Henry Ford.” Those arrangements are still in place. Since 2009, Dean Weber has been the manager of the Ford Motor Company Archives. Records that are in the Benson Ford Research Center are open to researchers. Those remaining in the Ford Motor Company Archives are subject to restrictions.⁹

There are two sets of research notes that were put together for *American Business Abroad: Ford on Six Continents*. Since Frank Hill was in New York and I was based in Dearborn, we corresponded (in the days before e-mail). I sent him copies of my notes. My Dearborn files are in the Benson Ford Research Center of The Henry Ford. Ms. Adkins has told me that she has sent many scholars to these files. The second set of research files, those that Frank Hill maintained in New York, I kept. These are at present in Miami, where they have been available to interested researchers who have over the last decades come to consult these files.

In short, there is treasure in studying the history of a major individual firm by having full access to a firm’s archives. There are many sources (now often online) for business historians. Individual multidivisional, multiplant, multiproduct, multinational corporations become over time more complex and more difficult to study. Archival data for the late twentieth- and twenty-first-century history are far harder to use than

⁸ Elizabeth W. Adkins, “A History of the Ford Motor Company Archives, with Reflections on Archival Documentation of Ford of Europe’s History,” in Bonin et al., *Ford*, 27–69.

⁹ As of the time of writing this Introduction, the Ford Motor Company Archives are closed. Ford Motor Company will answer “external questions,” if possible. At various times since 1964, these archives have been opened to researchers outside the company; Brinkley, for example, wrote in his *Wheels for the World* (2003) that records in “The Ford Motor Company Archives, which is not generally open to the public,” were made available to him.

Cambridge University Press

978-1-107-40023-8 - American Business Abroad: Ford on Six Continents

Mira Wilkins and Frank Ernest Hill

Frontmatter

[More information](#)*Introduction to the New Edition*

in earlier periods, because the present-day ease of communication and travel means the process of critical decision making is often not well documented in existing records. Oral history, interviews, are vital, but must always be backed up with evidence. When I did interviews in connection with the Ford study, I became very aware of the unreliability of memories. I cannot overemphasize that.

As I think back on my experience in the Ford archives in Dearborn and abroad, and on the cooperation that Ford provided, I feel a sense of privilege. I hope and trust that this story of Ford history will give the present reader a sense of what can be learned from careful archival research. The learning will differ based on the audience—and the questions asked of the material. What individual readers—economists, historians, political scientists, business school professors and students, businessmen themselves, and the interested non-specialists—derive from the reading of this volume will vary, but in each case, to repeat, there is much that is highly relevant today. The data reveal retreats as well as expansion, closing plants as well as opening production facilities, unsuccessful products as well as market triumphs, stormy labor relations as well as satisfactory ones, discontinuities as well as continuities, losses as well as profits, managerial mistakes as well as managerial achievements. Our book sought to tell what happened, but it also sought to explain the course of Ford's worldwide business. The first sixty years of the Ford story were pathbreaking ones. Depending on the readers' background and questions, fresh perspectives will emerge from the crucible of Ford's historical and global experiences. Why a new edition now? Because the book is as relevant today as it was in 1964, in fact, perhaps more relevant, for given the vast amount of new research, this work adds to and supplements what we know. Hopefully, a new generation (and an older group who never read the book or who want to reread it) will find much of value in this volume, along with the fascinating chronicle of the first six decades of Ford's global operations.

Mira Wilkins

Miami

September 2010

Cambridge University Press

978-1-107-40023-8 - American Business Abroad: Ford on Six Continents

Mira Wilkins and Frank Ernest Hill

Frontmatter

[More information](#)

Introduction to the First Edition

Allan Nevins

It was counted a proud achievement when the first American manufactures—Singer sewing-machines, the Yale locks, the McCormick reapers and mowers—were exported in quantity to Europe. The planting of American branch factories in foreign lands, a necessary subsequent step for reducing transportation costs, avoiding tariffs or other restrictions on trade, and cultivating the good will of peoples, was a much tardier development. It was not until after 1900 that such branches became numerous. Since the Second World War, however, thousands of American firms have created important interests overseas, and more than 3,300 were by 1961 doing business abroad through branches, subsidiaries, or other forms of investment.

This expansion deserves far more study than it has received. Most Americans know something about the adventures of individual figures abroad, from Benjamin Franklin and Washington Irving to Dwight D. Eisenhower and T. S. Eliot; but they are ill-informed upon the record of our great economic units.

This book is the first full-length history of the activities of an American company that early became a multinational enterprise and swiftly grew so successful that its name was (and is) familiar to every child on six continents. The story is of direct importance to the many men and women who, as corporation employees, stockholders, salesmen, or government officers, have a material stake in the way in which our companies are shaping their overseas policies. A representative history of foreign achievements in steel, or oil, or soap, or razor blades, or airplanes can teach many practical lessons. But Ford history abroad is so varied in character and sweeping in scope that it should also be fascinating to the general reader.

At first the Ford Motor Company was a mere exporter of cars. In rapid succession it became the operator of sales branches in foreign lands;

Cambridge University Press

978-1-107-40023-8 - American Business Abroad: Ford on Six Continents

Mira Wilkins and Frank Ernest Hill

Frontmatter

[More information](#)*Introduction to the First Edition*

the founder of large concerns importing and assembling the American product; the converter of such concerns into manufactories making complete cars, trucks, and tractors on the American model; and finally the owner of still larger factories making (as in Britain, France, and Germany) automotive vehicles completely foreign in design—the Anglia, Prefect, Consul, Vedette, and Taunus—which in time were imported in considerable numbers into the United States.

In the course of its activities the Ford Motor Company has encountered every conceivable obstacle. It has had to conquer alien prejudice and condescension; waves of nationalism expressed in tariff walls, unfair taxes, quota restrictions, and government decrees; special requirements growing out of geography, climate, and unpredictable variations in taste; and all the vicissitudes of both hot and cold war. In some countries, such as Italy under Mussolini and Japan in the same era, it became virtually or wholly impossible for any foreign automotive company to manufacture at all. Great Britain, on the contrary, permitted the free expansion of the Ford plant near Manchester and, during the 1930s, of the admirably planned and fully equipped factory at Dagenham and reaped invaluable benefits during both world wars. In the postwar period such ambitious countries as Brazil, Argentina, and Australia allowed foreign-owned automotive plants to operate but only in each case on the condition that any vehicles produced be not merely assembled but manufactured within the nation. This book interestingly shows how Ford's experience overseas mirrored a wide variety of national demands and responded to a long gamut of world changes over the years. It is an effective contribution to twentieth-century economic history from Denmark to Peru, from the days of Theodore Roosevelt to those of Sir Winston Churchill.

The book also depicts a remarkable panel of foreign industrial leaders who contributed their talents and energy to the growth of Ford enterprise overseas. Chief among them stand two remarkable Britons. Percival L. D. Perry, later Baron Perry of Stock-Harvard, and Sir Patrick Hennessy both possessed the highest business gifts, which were matched by their integrity, public spirit, and personal charm. Perry became a favorite of Henry Ford and other executives in Dearborn, while Hennessy won the confidence of Edsel Ford and C. E. Sorensen and later that of Henry Ford II and his brilliant associates.

Two other executives, Maurice Dollfus in France, a banker turned manufacturer, and Dr. Heinrich Albert in Germany, served ably; Albert in more favorable circumstances might have become a statesman of

Cambridge University Press

978-1-107-40023-8 - American Business Abroad: Ford on Six Continents

Mira Wilkins and Frank Ernest Hill

Frontmatter

[More information](#)

Introduction to the First Edition

eminence. Canada, Scandinavia, the Low Countries, and Latin America also gave the Ford enterprises men of ability and of richly interesting personalities. The authors have by no means neglected the human element in their story. They have done full justice to the men in Dearborn who worked with Perry, Dollfus, and the other leaders abroad and who constantly advised and directed them: Edsel Ford, Charles E. Sorensen, Henry Ford II, Graeme Howard, Tom Lilley, and John Bugas.

Dr. Wilkins and Mr. Hill have traveled widely in Europe, Canada, and Latin America to assemble the material for their account. They used intensively the huge store of documents in the Ford Archives in Dearborn. All available sources were made accessible to them. They brought to their task the knowledge of Ford methods and policies, which they had gained in working on the three-volume history of the Ford Motor Company published by Mr. Hill and myself from 1954 to 1963.

As the most complete and scholarly account of the foreign activities of a great American industrial corporation yet written, this book claims the careful attention of all economists, historians, and business specialists; as a tale full of dramatic incidents and arresting personalities, and impressive in its narration of multiform achievement which conduced to the closer understanding of nations and the greater welfare of mankind, it merits a wide reading by the general public.

New York, June 1963