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A STUDY OF CERTAIN ECONOMIC FACTORS UNIQUE TO THE
LORAIN ASSEMBLY PLANT OF THE FORD MOTOR COMPANY
AND THEIR RELATION TO THE
LORAIN (OHIO) ECONOMY

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CHAPTER I

THE PROBLEM AND THE METHOD OF APPROACH

I. THE PROBLEM

The introduction of a new industry such as the Lorain Assembly Plant of the Ford Motor Company, employing some 4000 persons in a community of approximately 60,000 people, would certainly have a notable influence on that area's economy. The employment, wage and purchasing policies of the industry would obviously cause some impact on the economy of the area. It was the purpose of this study to reveal the extent to which certain economic factors unique to the assembly plant were related to the Lorain, Ohio economy. The factors of principal concern in the study were: population and employment; wages; expenditures of plant employees in the City of Lorain; purchases by the plant from Lorain, Ohio businesses; rent and taxes paid in the city by the plant employees; and company participation in community affairs.

II. DEFINITION OF TERMS USED

Economy. Webster's New Collegiate Dictionary defines this term as "the science of managing the affairs

of a government or a community with reference to its source of income and its expenditures."¹ The government or community concerned in this study is the City of Lorain, Ohio.

The City of Lorain. The City of Lorain, Ohio is a community of approximately 60,000 persons. It is located at the northern Lake Erie border of the State of Ohio. The city is the principal community in Lorain County. The reader is cautioned that, in certain instances, areas pertaining to both, the city and the county will be discussed. However, when such is the case, the City of Lorain and the Lorain County areas will be explicitly labeled.

The Lorain Assembly Plant. This term represents the abbreviated version of the formal title, "Ford Division of the Ford Motor Company, Lorain Assembly Plant." The plant, originally erected on land in Brownhelm Township, Ohio, was officially annexed to the City of Lorain in October, 1959.² The introduction of the plant to this area

¹"Economy," Webster's New Collegiate Dictionary (Springfield, Massachusetts: G. C. Merriam Company, 1957), p. 415.

²Statement by Antone Ujhelyi, Deputy Auditor, City of Lorain. (Personal interview.)

marked the first time that an automobile assembly plant had ever been located in Lorain County.

III. THE METHOD OF APPROACH

Organization of the remainder of the thesis. The remainder of the thesis is divided into three parts. The first section identifies specific economic magnitudes of the City of Lorain and describes the Lorain Assembly Plant. The second part is contained in Chapter Three and deals with the more specific research of the paper. In this chapter, certain economic factors which are unique to the Lorain Assembly Plant and which have some relative value to the Lorain, Ohio economy, have been presented. The data were gathered by means of interviews with various city and plant officials, by means of research in various plant files, through the answers to form requests mailed to certain Lorain, Ohio dealers, and, finally, by a survey conducted in the Lorain Assembly Plant among the employees. The survey was considered necessary to estimate the magnitude of purchases made by plant employees in the City of Lorain.

The final chapter is devoted to the summarization of the data gathered and to the stating of the conclusions drawn from this data.

Explanation of the survey technique. On April 16, 1960, a questionnaire was distributed to all the employees of the Lorain Assembly Plant. The questionnaire was designed to reveal the amount of expenditures made by these employees in the City of Lorain.³ The "Survey of Buying Power" edition of Sales Management⁴ which annually lists the total dollar business volume conducted by the retail establishments in the city. The edition classes all sales into nine individual types of transactions or according to nine types of establishments. These types of establishments were used as a guide in the selection of questions for the survey. Employees were asked to list either monthly or weekly expenditures made by them in these nine types of Lorain establishments. In cases where the weekly amount was shown, that total was multiplied by the factor, 4.3 to convert the total to a monthly rate.

Other questions in the survey requested the employee to indicate the city in which he lived; to state if

³A sample of the questionnaire used in the survey is presented in the Appendix, page 76.

⁴"Survey of Buying Power," Sales Management (Philadelphia: Bill Brothers Corporation, 1952-1959), May 10, 1952-1959. (The May 10th edition of Sales Management for the years 1952 through 1959 were used in comparing the survey results.)

he were a home owner and, if so, when he purchased it; to indicate whether he was a renter in the city and, if so, how much rent did he pay; and finally, if applicable, the employee was asked to estimate the property tax he pays to the city. All these questions were designed to reveal information concerning the number of Lorain residents, homeowners, renters, and tax payers employed at the plant and the amount of certain expenditures of employees in Lorain.

Questionnaires were distributed to all the employees with the full approval of the plant management and union officials at the plant. The writer actually contacted the employees on both shifts in all departments, explained the survey's purpose, the information desired, and the means of collection, and personally gave the questionnaire to the individual.

Clearly identified cartons were placed at all time clocks, exits, and coffee canteens to facilitate the collection of completed forms. Although no forms were identifiable as to which department or individual had made the return, the danger of having one type of employee or department dominate the returns was eliminated by the collection method. The writer periodically checked the return stations for forms throughout a four day period. Since each department has its own time clock station and canteen area, it was assumed that returns were made from

that department. The returns received at the exits were relatively few in number as compared to the returns from the other stations. The other stations had a relatively even return. The largest total, from the paint department time clock station, exceeded the lowest return from any station by a total of only twelve questionnaires. The number of returns from all other stations varied even less. Total returns numbered 309. However, eleven returns were discarded because it was apparent from the answers or comments on the form that the return was completed insincerely. The total acceptable returns numbered 298.⁵

Hourly and salary employees were separately treated in the process of estimating employee expenditures in Lorain. The average expenditure for each type of establishment was determined as follows: the total amount spent in each type of establishment by hourly employees and by salary employees was computed. These totals were then divided by the total number of persons declaring their rate of expenditure in each type of establishment. The number of persons in the plant participating in the poll who listed expenditures by type of establishment was computed as a percentage of the plant wage and salary

⁵Calculations and the results of estimates made from the survey are presented in the Appendix, page 72.

employment. From these percentages the total number of persons on a plant-wide basis buying in each type of establishment was determined. The plant-wide total was then multiplied by the average expenditure indicated in the poll for that type of establishment. The result of the multiplication was an estimate of the monthly expenditures made by the plant's hourly and salary employees. The total expenditures for all types of establishments were obtained by adding the monthly total for each of the nine types of establishments. The annual expenditure was obtained by multiplying the monthly total by twelve.

Other sources of information. The following list indicates the principal sources of information for the material in the paper.

- I. The Lorain Assembly Plant
 - A. Mr. Jos. A. Richardson, Plant Manager
 - B. Mr. J. Reese, Industrial Relations
 - C. Mr. J. R. Van Tine Jr., Purchasing
 - D. Mr. L. E. Knowles, Manufacturing Standards
 - E. Mr. R. Froelich, Hourly Personnel Relations
 - F. Mr. W. Pelling, Payroll
- II. The Lorain Chamber of Commerce
- III. The Lorain County Regional Planning Commission
- IV. Officials of the City of Lorain
- V. The Ohio Fuel Gas Company.
- VI. The Ohio Edison Company
- VII. The Lorain Telephone Company
- VIII. The Lorain Journal Newspaper
- IX. The Cleveland Plain Dealer Newspaper
- X. The Cleveland Public Library

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CHAPTER II

BACKGROUND TO THE PROBLEM

The Lorain Assembly Plant began operations in 1958.⁶ Although the name of the plant indicates that the assembly plant was located in the City of Lorain, the plant did not officially become a part of the city until October, 1959. Prior to this time, the plant was located in Brownhelm Township which was approximately four miles west of the City of Lorain. In March, 1959, the officials of the City of Lorain passed the motion to annex the entire Brownhelm Township area. The action was opposed, however, and it was not until the Supreme Court of the State of Ohio rendered a decision in favor of the City of Lorain that the plant officially became a part of the City of Lorain.⁷

I. THE CITY OF LORAIN, OHIO

Location. Lorain is the largest city in Lorain County. The City of Lorain is located at the northern

⁶"Ford Lorain," (unpublished brochure, Ford Division of the Ford Motor Company, Lorain Assembly Plant, Lorain, Ohio, 1960).

⁷Statement by Antone Ujhelyi, Deputy Auditor, City of Lorain, Ohio. (Personal interview.)

extremity of the State of Ohio along the shores of Lake Erie. The city lies approximately twenty-seven miles west of Cleveland, Ohio.⁸ United States route number six, some six state highways, as well as the Ohio Turnpike, service the city.⁹ Some 200,000 persons reside within a radius of ten miles of the city.¹⁰

Population. The population of Lorain has grown from 51,202 in 1950 to an estimated 61,800 persons in 1960.¹¹ Figure One, page ten, graphically illustrates the 10,598 rise in population as it took place through the years. Table One, page eleven, lists the population of the city for the years since 1950. The population increase was not solely due to natural increase and/or migration. Since

⁸"Lorain, Ohio," 1960 Market Guide (New York: Editor and Publisher Company, 1959), p. 334.

⁹Ibid.

¹⁰"Lorain, the City of Industrial Opportunity," (unpublished report, The Lorain Junior Chamber of Commerce, 1960).

¹¹Annual Report: 1959 (unpublished report, Lorain Board of Health, Lorain, Ohio, 1960). (Mimeographed.)

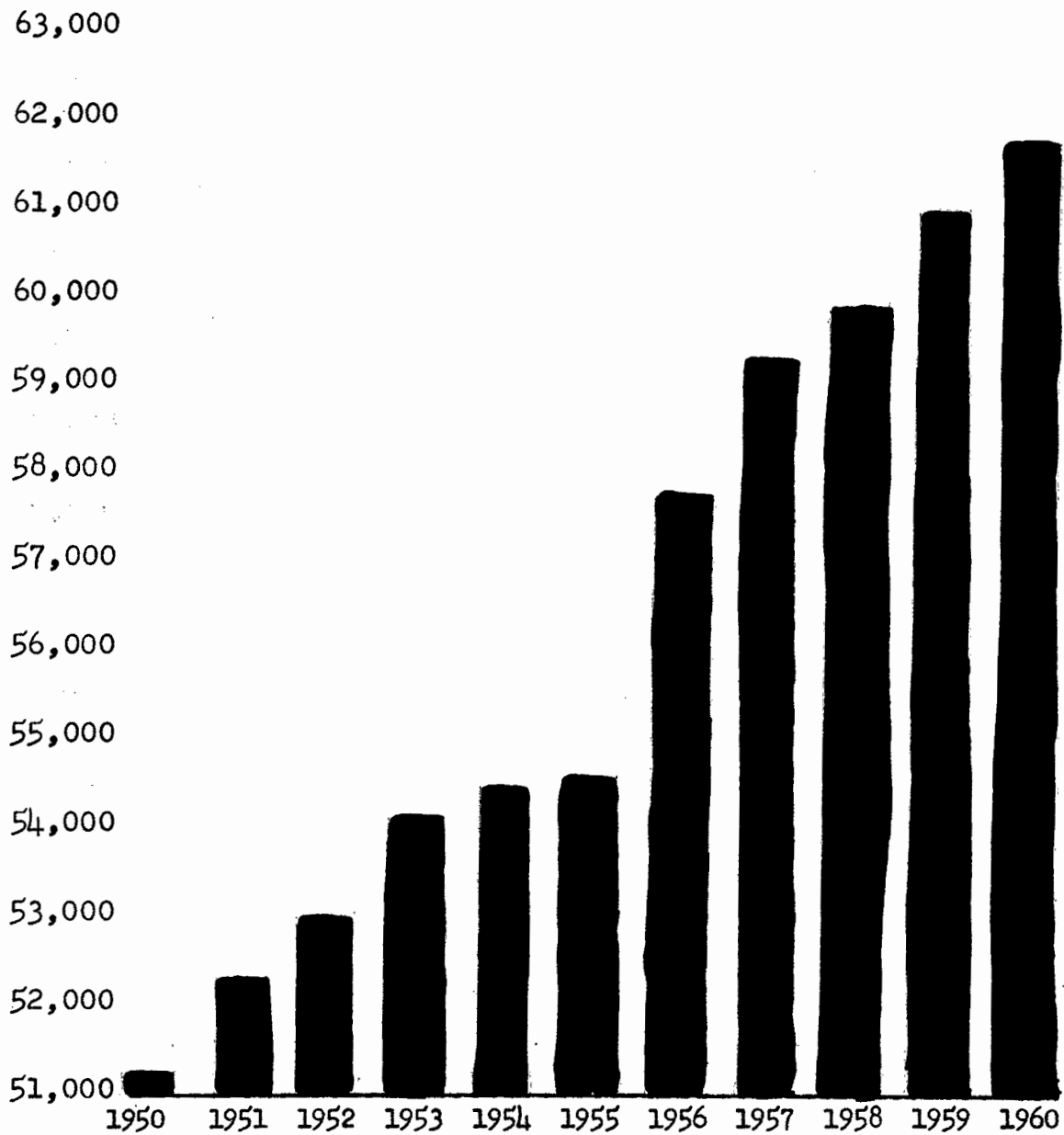


FIGURE 1

POPULATION TRENDS IN THE CITY OF LORAIN, OHIO

SOURCES: Years 1951 - 1955, Office of the City Auditor, Lorain, Ohio.

Years 1956 - 1960, Board of Health, Lorain, Ohio.

TABLE I
POPULATION TOTALS OF
LORAIN, OHIO
1950 - 1960

(1) YEAR	(2) POPULATION	(1) YEAR	(2) POPULATION
1950 . . .	51,202	1955 . . .	55,025
1951 . . .	52,300	1956 . . .	57,906
1952 . . .	53,100	1957 . . .	59,360
1953 . . .	54,100	1958 . . .	59,960
1954 . . .	54,500	1959 . . .	61,068
		1960 . . .	61,800

SOURCE: Years 1951 - 1955, Office of the City Auditor, Lorain, Ohio.

Years 1956 - 1960, Board of Health, City of Lorain, Ohio.

1949, the city made no less than twenty-nine annexations, adding some 5,244 acres of land to its boundaries.¹²

Industries and employment. Approximately forty-seven concerns accounted for the major share of employment opportunities in the city in 1959. (See Table II.) The Lorain Assembly Plant was the second largest employer in the city at that time. Furthermore, as indicated in Table III, page 15, the plant paid an average weekly wage to its employees which was as much as \$18 more than the other five leading industries in the city.

The city's employment total as of March 31, 1960 was estimated by the Lorain office of the Ohio Bureau of Unemployment Compensation to be 33,197 persons. The total, although lower than the 1957 total, was considered high because at this date the National Tube Division of the United States Steel Corporation was in the process of making large scale layoffs of its personnel.¹³

Retail sales volume. The city's 696 retail establishments had a sales volume of an estimated \$82 million

¹²Annual Report: 1959 (unpublished report, Director of Public Service, City of Lorain, Ohio, 1960). (Mimeographed.)

¹³See Table IV, page 16, for total employment for the city since 1950.

TABLE II

PRINCIPAL EMPLOYERS IN THE CITY OF LORAIN, OHIO
AND THEIR RESPECTIVE PRODUCTS

(1) EMPLOYER	(2) THE PRODUCT
Air Reduction Sales Company	Compressed and liquified gas
American Crucible Products	Bronze products and sump pumps
American Felsol Company	Medicines
American Ship Building	Ships and repairs
Arvay Potato Chip Company	Food preparations
Black River Lumber and Supply Company	Mill and cabinet work
Buckeys Sheet Metal	Sheet Metal work
Canada Dry Bottling Company	Beverages
Carlson Fabricating and Welding Company	Fabricating and welding
Central Machine Products Incorporated	Machine parts
Consumers Builders and Supply Company	Ready mix concrete
Dlugos Burial Vault Company	Burial vaults
Duffin Manufacturing Company	Machine screw products
Erie Sand and Gravel Company	Aggregate supplies
Faroh Candies	Candies
Ford Motor Division, Lorain Assembly Plant	Automobile and truck Assembly
Hy-Grade Food Products	Animal Foods
Ideal Machine Company	Machine shop work
Lawson Lumber Company	Mill and cabinet work
Lorain Aluminum Manufacturing Company, Incorporated	Storm windows and awnings
Lorain Automatic Screw Machine Company	Screw machine parts
Lorain Brass Company	Brass, bronze and aluminum castings
Lorain Concrete Products, Incorporated	Concrete
Lorain County Radio	Ship to shore radios
Lorain - Elyria Sand Company	Aggregate supplies
Lorain House Lumber Company	Mill and cabinet work
Lorain Lumber Company	Mill and cabinet work

TABLE II (CONTINUED)

(1) EMPLOYER	(2) THE PRODUCT
Lorain Modern Pattern Works . . .	Wood patterns
Lorain Monument Works	Monuments
Lorain Products Corporation . . .	Electronic equipment
Lorain Red-y Mix Concrete	Ready mix concrete, cement blocks
Lorain Slag Company	Expanded slag
Lorain Tool and Manufacturing Incorporated	Machine shop work
Mazur Concrete Burial Vaults . . .	Burial vaults
National Gypsum Company	Wallboard building products
National Tube Division of the United States Steel Corporation	Steel tubes, pipes
Nelson Stud Welding Division . . .	Flux-filled studs, welding guns
Nicholl Stone Company	Ohio sandstone
Ravenna Casket Company	Caskets
Samson Block and Builders Supply Company	Block and building supplies
Steel Stamping Company	All-steel toys and stampings
The Thew Shovel Company	Power shovels, cranes
United Woodcraft, Incorporated . .	Overhead garage doors
Universal-Ohio Corporation	Material handling equipment
White Rothe Machine Corporation . .	Diesel and gas engines
Winko-matic Signal Company	Traffic signals
Yingling Machine Company	Specialty work-candy machines

SOURCE: The Lorain County Regional Planning
Commission Research Staff.

TABLE III

MAJOR INDUSTRIES IN THE CITY OF LORAIN,
THE NUMBER OF EMPLOYEES AND THEIR
AVERAGE WEEKLY WAGE

(1) TYPE OF INDUSTRY	(2) NUMBER OF EMPLOYEES	(3) AVERAGE WEEKLY WAGE
Steel	11,200	\$ 92.00
Power shovels	1,600	85.00
Ship building	1,500	90.00
Machine shops	2,900	85.00
Automobile Assembly	4,000	113.74*

SOURCE: "Lorain, Ohio," 1960 Market Guide, p. 334.

*Actual average as computed by Lorain Assembly Plant, Payroll Department.

TABLE IV
EMPLOYMENT IN THE CITY OF LORAIN, OHIO

(1) YEAR	(2) NUMBER IN MANUFACTURING	(3) ALL OTHER	(4) TOTAL EMPLOYMENT
1960	24,850	8,347	33,197
1959	19,631	8,103	27,734
1958	20,575	7,895	28,470
1957	24,911	8,578	33,489
1956	24,895	8,303	33,198
1955	24,589	7,843	32,432
1954	23,074	7,417	30,491
1953	24,614	7,044	31,658
1952	22,450	6,677	29,127
1951	23,301	6,438	29,739
1950	21,335	5,977	27,312

SOURCE: Ward A. Riley, Manager, Ohio State Bureau of Unemployment Compensation, Lorain, Ohio Office.

in 1959.¹⁴ The estimate shows no increase in sales over the 1958 totals, which were approximately \$12 million below the total registered in 1957. The 1958 total was \$82,122,000 and the 1957 amount was \$94,105,000.¹⁵ The 1959 total was not available at the time of the study. However, the estimated total was believed to be fairly accurate in view of the prolonged steel strike which reportedly affected some 9,000 Lorain County families. Most of them were residents of the City of Lorain.¹⁶

Taxes and property valuation. The assessed value of land and buildings for tax purposes in the city amounted to \$227,125,042 in 1959.¹⁷ Although the taxes were assessed in 1959, collection of the taxes will not be made until 1960 on a semi-annual, two-payment basis. The city's thirty-three mill tax rate, charged in 1959 and collectable in 1960, represents one of the lowest rates charged in the

¹⁴"Lorain, the City of Industrial Opportunity," The Lorain Junior Chamber of Commerce.

¹⁵"Survey of Buying Power," Sales Management (Bill Brothers Corporation: Philadelphia), May 10, 1959, p. 559.

¹⁶News item in the Cleveland Plain Dealer, January 6, 1960, p. 1B.

¹⁷"Tax Valuation for the City of Lorain," (unpublished report, City Auditor's Office, Lorain, Ohio, 1960). (Mimeographed.)

TABLE V

TAX VALUATION FOR THE CITY OF LORAIN

<u>ASSESSED VALUATION:</u>			
<u>(1)</u>	<u>(2)</u> 1959*	<u>(3)</u> 1958*	<u>(4)</u> 1957*
Real Property . . .	\$102,225,970	\$ 99,602,220	\$ 93,646,990
Utilities	31,430,640	30,887,830	27,259,200
Tangible Personal	<u>93,468,432</u>	<u>92,763,311</u>	<u>83,654,711</u>
Total Valuation . .	\$227,125,042	\$223,253,361	\$204,560,901
City Tax Rate . . .	<u>.033</u>	<u>.03325</u>	<u>.03294</u>
Total Taxes	<u>\$7,495,126</u>	<u>\$7,423,174</u>	<u>\$6,738,236</u>

CITY TAX RATE COMPOSITION AND DISBURSEMENT:

<u>(1)</u>	<u>(2)</u>		<u>(3)</u>	
	<u>Tax Rate - 1959</u> <u>Collectable-1960</u>		<u>Tax Rate - 1958</u> <u>Collectable-1959</u>	
Recipient of Revenue	Inside 10 Mill Limit	Outside 10 Mill Limit	Inside 10 Mill Limit	Outside 10 Mill Limit
State of Ohio		.40		.50
County	1.60	1.20	1.60	1.20
Township	.10		.08	
City-General	3.59	2.00	3.42	2.00
City Bond Retirement	.67	1.36	.86	1.52
City Fire Pension	.30		.30	
City Police Pension	.30		.30	
School District	<u>3.44</u>	<u>18.04</u>	<u>3.44</u>	<u>18.03</u>
Sub totals	<u>10.00</u>	<u>23.00</u>	<u>10.00</u>	<u>23.25</u>
Tax Rate	<u>\$33 Mills</u>		<u>\$33.25 Mills</u>	

SOURCE: The office of the City Auditor, Lorain, Ohio.

*Years indicated represent period in which tax rate was imposed. Collections of tax revenue took place during the following calendar year.

county. The city has the distinction of having the seventh highest tax rate of the eight largest communities in the county.¹⁸

As shown in Table V, the tax rate is composed of two classes, the inside and the outside ten mill limits. The inside limit is a restriction on taxes which the city may impose without the consent of the voters. The limit was set by state legislation in 1933. Any additional assessment must be approved by the voting public. Obligations to the state, the school district and other sources indicated in Table V must be met before the city can consider any of the funds as its own. It is therefore important to the city that all the taxes be collected. Mr. Antone Ujhelyi, Lorain Deputy Auditor, expressed the opinion that eighty or ninety per cent collection of taxes, however, was normal.¹⁹

II. THE LORAIN ASSEMBLY PLANT

Although it was rumored that the Ford Motor Company would locate in the Lorain area as early as 1955, the official announcement was not made by R. S. McNamara, a

¹⁸"Vote No to Issue 10," (unpublished pamphlet, Avon Lake, Ohio, March, 1960).

¹⁹Comments made by Antone Ujhelyi, Deputy Auditor, City of Lorain, Ohio, (Personal interview.)

Ford Motor Company Vice President, until July 12, 1956.²⁰ Construction of the plant began on November 21, 1956 and assembly line operations were initiated on June 9, 1958.²¹

Reasons for locating in Lorain, Ohio. Company officials gave standard reasons for having located in the Lorain area.

Lorain, Ohio was selected only after our company was convinced that the site offered what was necessary physically, economically and sociologically for the undertaking. Furthermore, the increasing market in the Midwest made it desirable to establish a plant in the area.²²

Prior to beginning operations at the Lorain Assembly Plant, the Ford Motor Company closed its plants in Buffalo, New York; Memphis, Tennessee; and Sommerville, Massachusetts. The unofficial consensus of some forty-five former employees of these plants was that the closing and the consequent movement of operations to Lorain were probably due to reasons of costs and possibly because of labor problems. The labor climate was supposedly unfavorable at the former

²⁰Allen D. Ashbolt, "Lorain Assesses Value of Ford in its Future," The Cleveland Plain Dealer, April 3, 1960, p. 1B.

²¹News item in the Lorain Journal, July 18, 1959, p. 38A.

²²Ibid.

plants, for labor conflicts were rather numerous there. Also, it is possible that the cost of building a new, modern and highly efficient plant such as the one in Lorain was much lower than the cost of renovating the relatively inefficient plants at the above named locations.

Although there is no official report available to identify the factors considered by the Ford Motor Company which eventually influenced the choice of Lorain as the site of the new assembly plant, a report prepared by the Community Relations Committee of the Lorain Assembly Plant in 1958 was consulted to gain some insight concerning the value the company placed on the Lorain area.²³ According to the report, the city's efforts to gain further diversification of industry was believed by the committee to be advantageous for the plant. The committee's research revealed that the city exceeded most other communities of similar size in industrial growth. Even though the city had a ratio of 233 employees in manufacturing for every 1,000 inhabitants, whereas the state's average was only 101 persons, the committee felt that other

²³"An Inventory of the Business Climate," (unpublished report, Lorain Community Relations Committee, Lorain Assembly Plant, Lorain, Ohio, 1958), pp. 41.

industries would and should be encouraged to operate in Lorain.²⁴ The motivation of such thinking was the belief that the city was in need of greater industrial diversification.

The Committee also stated that the employees of thirty per cent of the employers in the area had been organized by unions.²⁵ The organized employers felt that the labor climate was suitable for industrial operations although they felt that the local press was pro-labor.²⁶ The high percentage of employees in manufacturing has provided a very ample supply of suitable labor for the plant. Six classes of labor ranging from "professional and managerial" to "unskilled" were considered to be "plentiful" in supply.²⁷ However, worker efforts, pride of workmanship, attitude, understanding, loyalty, self dependence, and acceptance of new machinery were considered only "average". Job abilities, however, were rated "higher than average".²⁸

Certain other factors were probably considered by the company, although the committee's report made no

²⁴"An Inventory of the Business Climate," p. 10.

²⁵Ibid. p. 10. ²⁶Ibid. p. 9. ²⁷Ibid. p. 6

²⁸"An Inventory of the Business Climate," p. 10.

mention of them. The city is centrally located for the distribution of automobiles. Some 90 million people reside within a 500 mile radius of the city.²⁹ At least five suppliers of component parts for the Ford products are located in the nearby vicinity. Ford plants in Cleveland, Cincinnati, Canton, Sandusky and Lima, Ohio supply the plant with daily deliveries of vital parts and materials.³⁰

The housing situation was probably the most unsatisfactory factor in the committee's report. One negative comment summarized the committee's feelings on the subject, "Highest construction costs in the nation."³¹

At the time the report was being prepared, the annexation of the Lorain Assembly Plant area was still being contested in court. The committee made the following comment which reflects their preference for municipal government. "We feel it would be preferable to be annexed by the City of Lorain."³²

²⁹"Lorain, Ohio," 1960 Market Guide, p. 334.

³⁰News item in The Lorain Ford News, February, 1960, p. 2.

³¹"An Inventory of the Business Climate," p. 20.

³²Ibid. p. 8.

The Plant and its operations. The Lorain Assembly Plant, "the most modern assembly plant in the automotive industry,"³³ was erected on a 250 acre site located in the western sector of the City of Lorain. Some 1,888,000 square feet of floor space was devoted to the actual plant structure. The plant's paint department, located on the second floor of the building, accounts for more than 300,000 square feet of floor space, making that facility the largest in the automotive industry. Mountains of materials, five million pounds by rail and one million pounds by truck, are received daily from some thirty-two states.³⁴ A depressed railroad track extending one-third of a mile in length and loading docks with facilities to handle as many as eighteen trucks simultaneously, give the plant adequate shipping and receiving facilities.

Table VI, page 25, lists the various departments of the plant and their functions. The plant is under the direction of a plant manager. Under him are two assistant plant managers, each of whom supervises a shift. Supervision of all production is the responsibility of the pro-

³³"Ford Lorain," (unpublished brochure, Ford Division of the Ford Motor Company, Lorain Assembly Plant, Lorain, Ohio, 1960).

³⁴Ibid.

TABLE VI

DEPARTMENTAL LISTING OF THE LORAIN ASSEMBLY PLANT,
BY FUNCTIONS

(1) DEPARTMENTS	(2) FUNCTIONS
Plant Manager	Executive director of plant.
Industrial Relations	Employee relations, employment, labor (union) relations, insurance, employee suggestions, community relations.
Plant Controller	Cost analysis, accounting, IBM services, payroll, billings.
Purchasing	Plant purchases.
Manufacturing Engineering	Tool handling, support production by devising suitable tools and mechanisms, supervise planning of plant layout.
Plant Engineering	Maintenance of machinery and tools, repairs and maintenance of plant equipment, plant clean-up, housekeeping.
Traffic	Routing of personnel on outside company business; routing of materials via buses, trains, airlines; shipment of finished products; general traveling facilities.
Plant Security	Safety precautions, security.
Quality Control	Quality audits, quality service calls to dealers, product inspection.

TABLE VI (CONTINUED)

(1) DEPARTMENTS	(2) FUNCTIONS
Production Control	Material handling, loading and unloading shipments, scheduling of production units, control of material arriving at the plant, responsibility of maintaining adequate supply of material and parts.
Manufacturing Engineering	Coordinate manpower authorization with operational efficiency, time study, work standards, production rates of speed, union problems, control of cost at production end.
Production Manager	Control of passenger and truck operations, outputs, manpower, efficiency.
Production Departments:	
Body Construction (Passenger and Truck)	Assemble various body parts, welding, grinding, metal work.
Paint (Passenger and Truck)	Prepare body and parts of unit for painting, paint parts and units.
Trim (Passenger and Truck)	Assemble general accessories such as carpeting, chrome, windshield wipers as well as certain standard items such as windshields, door fittings.
Chassis (Passenger and Truck)	Assemble general components of unit, e.g., engine, transmission, hoods, fenders, bumpers, make final check of unit, prepare unit for sale.

SOURCE: Organization chart of the Lorain Assembly Plant, Ford Motor Company, Lorain, Ohio.

duction manager of each shift. The passenger and the commercial or truck systems of each shift have their own general superintendent, and each department within the system is supervised by superintendent for each shift. The non-production or supporting departments are under the direction of department managers who regulate all the employees in the department no matter what shift they may work on.

Production in the plant is currently being maintained on a two shift basis for the passenger and the commercial divisions. The passenger division, however, is operating on a ten hour shift while the commercial system works only eight hours during each shift. While normal operations call for eight hour shifts and a five day work week, the passenger system has been operating on a six day basis since the introduction of the compact car. Present indications are that the Saturday production schedule will be continued throughout the present model year.

More than 181,000 automobiles were produced at the plant in 1959, its first full year of production.³⁵ At that time, production was set at the rate of thirty-seven units per hour for passenger units, while the commercial

³⁵"The Little Giants: Falcon," Production, XLV (January, 1960), p. 63.

units were being processed at the rate of twenty-one per hour. The present rate of production for the passenger division is fifty-eight units per hour and the commercial division assembles eighteen units per hour. The decrease in hourly production of trucks was more than offset by the introduction of a second shift of operations for that system in 1960.

The Lorain Assembly Plant was selected as the first plant to assemble the Falcon and Comet compact automobiles on a regular production basis. Today, the plant is one of four plants producing the Falcon. The other plants are located at Kansas City, Kansas; Metuchen, New Jersey; and San Jose, California.³⁶

The complete line of products assembled at the Lorain plant as of March, 1960 was:

1. The Comet, compact automobile of the Lincoln-Mercury Division of the Ford Motor Company.
2. The Falcon, compact automobile of the Ford Division of the Ford Motor Company.
3. Ford Trucks, ranging from the light, F-100 model to the heavier, medium class, F-600 series.
4. Buses

³⁶Allen D. Ashbolt, "The City of Lorain Views 1960," The Cleveland Plain Dealer, January 13, 1960, p. 1B.

CHAPTER III

THE DATA

I. EMPLOYMENT

The economy of any city is dependent upon the ability of its citizens to make purchases and to pay taxes. Obviously such payments and expenditures are virtually impossible unless a means of employment is made available to them. Although the Lorain Assembly Plant does not employ the entire Lorain working force, it does pay wages to some 2,040 Lorain residents.³⁷ Furthermore, the fact that the plant is the second largest employer in the city is of notable importance. Many of its employees, even though they may not be residents of Lorain itself, do trade in Lorain establishments to some degree. Only the National Tube Division of the United States Steel Corporation in Lorain, employing some 11,200 persons, has a larger employment total than the Lorain Assembly Plant.³⁸ The Lorain Assembly Plant employed 3,980 as of March, 1960.³⁹

³⁷Compiled by means of actual count of manpower rolls, Lorain Assembly Plant Time Office, March 12, 1960.

³⁸See Table III, page 15.

³⁹See Table VII, page 30.

TABLE VII
EMPLOYMENT TOTALS OF THE
LORAIN ASSEMBLY PLANT

(1) YEAR	(2) MONTH	(3) HOURLY EMPLOYEES	(4) SALARY EMPLOYEES	(5) PLANT TOTAL
1958:	October	1887	Unavailable	
	November	1977	361	2238
	December	1980	368	2348
1959:	January	2002	421	2423
	February	2137	432	2569
	March	2339	463	2802
	April	2731	468	3199
	May	2737	474	3211
	June	2831	480	3311
	July	2837	481	3318
	August	2814	481	3295
	September	3045	486	3531
	October	3072	483	3555
	November	3358	480	3838
	December	3387	481	3868
1960:	January	3455	510	3965
	February	3443	537	3980

SOURCE: Lorain Assembly Plant, Time Office.

As indicated in Table VII, the employment total at the assembly plant has constantly increased since the beginning of operations at the plant in 1958. In only two instances did the employment total of either hourly or salaried employees decline. In August, 1959, hourly employment dropped by twenty-three workers. The reason for this decrease was the delay in operations due to a complete transition of the passenger system's facilities in order to produce the new Falcon. The change-over took a total of twelve days, a minimum delay for such an operation.⁴⁰

In February, 1960, employment of hourly workers decreased, but twenty-seven additional workers were put on the salary rolls. The hourly personnel were merely transferred to salary status as trainee foremen in order to satisfy the need of additional supervision. The introduction of the Comet automobile created the need for these additional supervisors.

The steady increase in employment at the Ford plant is significant in view of the hardships which befell

⁴⁰"The Little Giants: Falcon," Production, p. 63.

the city in 1958 and 1959. The recession of 1958 was severely felt in Lorain. Furthermore, the prolonged steel strike of 1959 eliminated the possibility of the return of the city's economy to normal conditions. In spite of this situation, the plant maintained its trend of increasing the size of its work force. In 1958, the plant hired 402 Lorain residents and increased this total to 1,480 in 1959. By March, 1960 the addition of 345 more Lorain residents at the plant placed the resident total at 2,040.⁴¹ The hiring of these employees unquestionably helped employment in the city. Not all of the labor force of the city lives in Lorain. Many of the total merely work in the city. The 2,348; 3,387 and 3,980 persons employed at the plant in 1958; 1959 and 1960 (as of March, 1960) respectively represented 8.3; 12.2 and 11.9 per cent of the total working force in the City of Lorain.⁴²

A study by the Director of Public Service for the City of Lorain, determined that an average of 0.9 additional persons depended upon the incomes of the average

⁴¹See Table VIII, page 33.

⁴²Per cents were computed by dividing respective plant employment total by total working force in Lorain as cited on page 16, Table IV.

TABLE VIII

LORAIN RESIDENTS EMPLOYED AT THE
LORAIN ASSEMBLY PLANT

(1) DESCRIPTION	(2) 1958 ^a	(3) 1959 ^b	(4) 1960 ^c
Total Hourly Employees	1980	2906	3443
Total Salary Employees	368	481	537
Total No. of Employees Working at the Plant	2348	3387	3980
Total Hourly Lorain Residents	386	1355	1825
Total Salary Lorain Residents	16	125	215
Total Lorain Residents Working at the Plant	402	1480	2040
Lorain Hourly Employees as a Per Cent of Total Hourly Employees	19%	47%	53%
Lorain Salary Employees as a Per Cent of Total Salary Employees	4%	26%	40%
Total Lorain Employees as a Per Cent of Total Plant Employees	17%	44%	51%

^aTotals based on information provided by Personnel Relations Department, Lorain Assembly Plant.

^bComputed by actual count by Lorain Assembly Plant Officials.

^cComputed by actual count of personnel roster by writer.

Ford plant employee.⁴³ Since the plant employed 2,040 Lorain residents in 1960, application of the dependency factor suggested that an estimated 3,876 Lorain citizens were dependent upon employment in the Lorain Assembly Plant.⁴⁴ This total represents over six per cent of the estimated January, 1960, Lorain, Ohio population.⁴⁵ The dependency factor, although not explained by the Director of Public Service, was probably so low because of the age factor evident at the plant. Employees in the plant are, generally speaking, unusually young. The largest share of the employed, particularly the hourly group, are predominantly of the nineteen to twenty-eight year age group. The fact that the Community Relations Committee of the Ford Company was eager to encourage a larger share of local youths to take an interest in local industry and the additional fact that the plant is a new enterprise in the area and would have fewer than normal seniority workers probably explains the existence of so many youthful employees. The low dependency factor could well be the direct result of this low age factor.

⁴³"Annual Report: 1959," (unpublished report, Director of Public Service, City of Lorain, Ohio, 1960). (Mimeographed.)

⁴⁴See Table IX, page 35.

⁴⁵Ibid.

TABLE IX
DEPENDENTS OF LORAIN, OHIO RESIDENTS EMPLOYED
AT THE LORAIN ASSEMBLY PLANT

(1) YEAR	(2) LORAIN POPULATION	(3) NO. OF LORAIN EMPLOYEES	(4) NO. OF DEPENDENTS (B) X 1.9	(5) PER CENT OF LORAIN POPULATION
1958	59,960	402	764	1.2
1959	61,068	1,408	2,812	4.6
1960	61,800	2,040	3,876	6.3

SOURCE: "Annual Report: 1959," (unpublished report, Director of Public Service, City of Lorain, Ohio, 1960). (Mimeographed.)

II. INCOME AND EXPENDITURES OF ASSEMBLY PLANT PERSONNEL

Total wages paid by the plant amounted to \$7,456,000 in 1958 and \$19,853,000 in 1959.⁴⁶ The 1959 total represents the payroll total paid for the plant's first full year of operations. Hourly personnel received \$4,103,000 of the 1958 total while the same group received \$15,813,000 of the 1959 total. The average weekly wage paid by the company to its hourly employees amounted to \$119.78 in 1958 and \$113.74 in 1959.⁴⁷ The reason for the difference lies in the greater amount of overtime worked by the personnel in 1958. In spite of the decrease in the average weekly wage in 1959, this amount represented the largest total paid by the leading five industries in the City of Lorain.⁴⁸

The starting wage rate for most of the plant's employees is approximately \$2.39 per hour while the average hourly rate is approximately \$2.89 per hour.

⁴⁶Disclosures made by Wesley Pelling, Payroll Office, Lorain Assembly Plant, Lorain, Ohio, (Personal interview.)

⁴⁷Ibid.

⁴⁸See Table III, page 15.

Expenditures made by the Lorain Assembly Plant employees in the City of Lorain. The dollar volume of purchases made by the plant employees in the city's establishments has been estimated. The estimate was based on the results of a survey of 298 Lorain Assembly Plant employees' spending habits in Lorain. An estimated \$6,205,368 was being spent each year by the plant employees in Lorain establishments.⁴⁹ Apparently, the non-Lorain residents play an important role in expenditures made by employees of the plant. Lorain residents employed at the plant spent a monthly total of \$362,612 in Lorain while non-residents spent an additional \$154,502 each month.

In Table XI, a comparison of these expenditures with normal retail sales of these establishments has been made. The source of these total retail sales was Sales Management which annually presents a summary of the buying power of various areas in the country. The edition presenting data for 1959, however, was not available to permit a comparison of the sample estimates with the 1959 data. As explained on pages twelve and seventeen of this study, the total 1959 sales volume for these nine types of Lorain

⁴⁹Estimated from the survey. (See Table X.)

TABLE X

TOTAL MONEY SPENT IN LORAIN BY LORAIN ASSEMBLY PLANT
EMPLOYEES FOR NINE TYPES OF PURCHASES

(1) TYPES OF ESTABLISHMENTS	(2) LORAIN RESIDENTS	(3) OTHER RESIDENTS	(4) TOTAL PER MONTH	(5) ANNUAL TOTALS
APPAREL	\$ 53,938	\$ 16,334	\$ 70,272	\$ 843,264
GROCERIES AND MEAT	124,450	51,401	175,851	2,110,212
EAT AND DRINK	40,637	20,797	61,434	737,208
FURNITURE AND APPLIANCES	28,458	17,382	45,840	550,080
AUTOMOBILE PARTS	9,139	8,374	17,513	210,156
GASOLINE STATIONS	50,152	17,275	67,427	809,124
LUMBER, HARD- WARE, BUILDING MATERIALS	11,752	7,770	19,522	234,264
DRUG STORES	17,876	5,342	23,218	278,616
GENERAL MERCHANDISE	<u>26,210</u>	<u>9,827</u>	<u>36,037</u>	<u>432,444</u>
TOTAL ESTABLISHMENTS	\$362,612	\$154,502	\$517,114	\$6,205,368

SOURCE: Personal survey of Lorain Assembly Plant employees.

TABLE XI

PURCHASES MADE BY LORAIN ASSEMBLY PLANT EMPLOYEES
 COMPARED TO THE LORAIN RETAIL TREND SINCE 1952*

(1) TYPE OF PURCHASES	(2) 1958 PURCHASES IN LORAIN (IN \$1000'S)	(3) LORAIN PLANT PURCHASES (IN \$1000'S)	(4) PER CENT OF 1958 PURCHASES	(5) 1957 PURCHASES IN LORAIN (IN \$1000'S)
Apparel	\$ 6,758	\$ 843	12.6	\$ 7,531
Groceries	25,097	2,110	8.4	27,507
Eat and Drink	6,440	737	11.4	7,378
Furniture and Appliances	7,287	550	7.5	8,528
Automobile Parts	12,744	210	1.6	16,745
Gasoline Stations	5,581	809	14.5	6,081
Lumber, Hardware and Building Materials	4,659	234	5.0	5,449
Drug Stores	2,777	279	10.0	3,083
General Merchandise	6,589	432	6.6	7,410
Total Establishments	\$82,122	\$6,205	7.6	\$94,106

*Data for the year 1955 was not available in Sales Management. Prior to 1956, only five types of establishments were used in the magazine's survey of buying power.

TABLE XI (CONTINUED)

(1) TYPE OF PURCHASES	(2) 1956 PURCHASES IN LORAIN (IN \$1000'S)	(3) 1954 PURCHASES IN LORAIN (IN \$1000'S)	(4) 1953 PURCHASES IN LORAIN (IN \$1000'S)	(5) 1952 PURCHASES IN LORAIN (IN \$1000'S)
Apparel	\$ 8,036	\$	\$	\$
Groceries and Meat	25,980	24,434	24,425	22,415
Eat and Drink	7,330			
Furniture and Appliance	8,352	4,326	4,419	4,054
Automobile Parts	15,165	12,368	13,277	10,282
Gasoline Stations	5,419			
Lumber, Hardware and Building Materials	5,643			
Drug Stores	3,081	2,329	2,306	2,098
General Merchandise	7,446	5,903	6,106	5,575
Total Establishments \$	92,104	\$81,262	\$83,014	\$74,132

establishments has been estimated through other sources to be approximately \$82 million, which compares with the 1958 total of \$82,122,000. In lieu of the 1959 report, the 1958 totals were used as comparative figures for the survey.

As shown in Table IX, page 35, approximately 6.3 per cent of the City of Lorain's population depended on the assembly plant for an income and employment. According to the survey, purchases made by plant employees represents 7.6 per cent of the city's entire retail sales volume.⁵⁰ Lorain residents apparently spent only 5.3 per cent of the total dollar volume of business conducted in the city. Once again, the fact that the average employee is quite young and the fact that most of these youths are probably local workers being employed for the first time, could explain why a larger percentage of total Lorain sales do not originate from employees of the Ford Assembly Plant. Nevertheless, the ratio of Assembly Plant employee purchases to total retail sales is greater than the ratio of the Plant population who are residents of Lorain to Lorain's population.

Regardless of the fact that the spending of non-residents was needed to raise the percentage beyond 6.3, the fact remains that the city does attain the advantage of

⁵⁰Per cent is based on comparison made with 1958 sales volume. (See Table XI, page 39.)

outside spending which they may not have gained if these people were employed in the cities in which they dwell.

Rents. According to the survey, 880 of the employees at the plant were renting in the City of Lorain. The average monthly rent for these employees was \$85.50 at the time of the survey. The hourly personnel, paying an average rent of \$87.03 each month, were apparently finding rents more costly than the salaried personnel who were paying only an average rent of \$77.50 per month. The combined group paid an estimated \$76,072 each month or \$912,864 each year for rent.⁵¹

Property taxes and home ownership. It was estimated that 1,534 assembly plant employees owned their own home. Furthermore, 974 of these homes were located in the City of Lorain. Based on the replies of the survey which indicated that 83 per cent of these Lorain homes were purchased in 1958 or later, it was assumed that most of these homes were probably purchased after the employee had been hired by the assembly plant. Approximately 1.9 per cent of the total 1959 tax dollar expected to be collected by the city will

⁵¹See Table XII, page 43.

⁵²See Table XIII, pages 44, 45.

TABLE XII
ESTIMATE OF LORAIN ASSEMBLY PLANT RENTERS
IN CITY OF LORAIN

(1) DESCRIPTION	(2) HOURLY PERSONNEL	(3) SALARY PERSONNEL	(4) TOTAL
<u>SURVEY DATA:</u>			
(A) Number employees polled . .	218	80	298
(B) Number employees renting in Lorain	52	8	60
(C) Per cent of employees renting in Lorain	24	10	34
(D) Total amount of rent paid by employees in poll . .	\$4,526	\$620	\$5,146
(E) Average rent paid by employees in poll	\$ 87.03	\$ 77.50	\$ 85.80
<u>ESTIMATE:</u>			
(F) Actual number employees in the plant	3,443	537	3,980
(G) Number of employees renting in Lorain (F) X (C)	826	54	880
(H) Total monthly rent paid (G) X (E)	\$71,887.	\$4,185.	\$76,072.
(I) Total annual rent paid (H) X 12	\$862,644.	\$50,220.	\$912,864.

SOURCE: Personal Survey of the employees at the Lorain Assembly Plant.

TABLE XIII

HOME OWNERSHIP AND PERSONAL PROPERTY TAXES PAID IN
LORAIN BY LORAIN ASSEMBLY PLANT EMPLOYEES

(1) DISTRIBUTION	(2) HOURLY PERSONNEL	(3) SALARY PERSONNEL	(4) TOTAL
<u>SURVEY DATA:</u>			
(A) No. of employees in the plant	3,443*	537*	3,980*
(B) No. of employees polled	218	80	298
(C) No. of homeowners . . .	93	53	
(D) No. of Lorain homeowners	54	18	
(E) No. of Lorain homes purchased in:			
(E-1) 1957	10	2	
(E-2) 1958	11		
(E-3) 1959	26	10	
(F) Per cent of homeowners .	43	66	
(G) Per cent of Lorain homeowners	24	23	
(H) Per cent of Lorain homes purchased in:			
(H-1) 1957	18	11	
(H-2) 1958	20		
(H-3) 1959	48	55	
(J) Total Taxes paid in Lorain	\$6,968	\$3,044	

*Employment totals as of March, 1960, Time Office,
Lorain Assembly Plant, Lorain, Ohio.

TABLE XIII (CONTINUED)

(1) DISTRIBUTION	(2) HOURLY PERSONNEL	(3) SALARY PERSONNEL	(4) TOTAL
(K) Average taxes paid in Lorain	\$136.62	\$217.42	
<u>ESTIMATE:</u>			
(L) No. of homeowners (F) X (A)	1,180	354	1,534
(M) No. of Lorain homeowners (G) X (A)	850	124	974
(N) No. of Lorain homes purchased in:			
(N-1) 1957	153	14	167
(N-2) 1958	170		170
(N-3) 1959	408	68	476
(N-4) Total bought in three year period	731	82	813
(N-5) Per cent of Lorain homes purchased in three year period	86	66	83
(O) Total taxes paid in Lorain by employees	\$116,127	\$26,960	\$143,087

be paid by Lorain Assembly Plant homeowners in 1960. Taxes paid by the Lorain Assembly Plant itself are not presently paid to the City of Lorain. Because the annexation took place in 1959, the city was not authorized to assess the annexed area until 1960. Because of the policy of collecting the taxes one year after the year in which the property was assessed, the city cannot collect any tax revenue from the plant until 1961.

If, for the sake of comparison, the 1959 valuation and assessment data would be unchanged in 1960, while the expected taxes collectable by the plant in 1960 would remain at the same total in 1961, except for the addition of the plant's payment in 1961, the assembly plant would pay the city \$660,000. The employees of the plant would pay the city \$143,087.⁵³ Combined, the plant and its employees, would thus be paying \$803,087 of the \$8,155,126⁵⁴ expected taxes. This would indicate that the city received 9.9 per cent of its total taxes from the plant and its employees.⁵⁵

⁵³See Table XIII, page 45.

⁵⁴Total reached by adding collections expected in 1960, \$7,495,126, (See Table V, page 18) and the present tax payment made by the Lorain Assembly Plant, \$660,000.

⁵⁵Assumptions and idea conveyed by Antone and Joseph Ujhelyi, City Auditor Office, Lorain, Ohio. (Personal interview.)

III. PLANT TRANSACTIONS WITH LOCAL DEALERS

Local purchases by the plant. The Lorain Assembly Plant, as well as its employees, places an appreciable sum of money in circulation in Lorain through its purchasing activity in the city's establishments. Since the company set up temporary offices in Lorain in 1957 for pre-activation operations, the plant has negotiated with approximately 107 Lorain business sources. As of April 1, 1960, the plant itself had spent approximately \$1,915,016.93 in purchases from Lorain establishments since 1957.

Since the Lorain Assembly Plant did not segregate Lorain purchases from out-of-town purchases in its accounting files, and because of the involved process of obtaining even an estimate of the funds involved in such transactions, it was deemed necessary and more practical to contact all of the dealers in Lorain with which the plant had ever dealt. The list of names and addresses of these dealers was obtained from the files of the Lorain Assembly Plant Purchasing Office. Form letters requesting the total dollar volume of business transacted with the Lorain Assembly Plant since 1957 were mailed to the individual dealers.⁵⁶ Three dealers had apparently moved from the address

⁵⁶A sample of the form request is presented in the Appendix, page 78.

provided. No forwarding addresses were available. Five dealers refused to comply with the request. The remaining ninety-nine dealers indicated that \$1,915,016.93 was spent by the plant in Lorain as of April 1, 1960. Specifically the dealers indicated that the following amounts were spent by the plant in the respective years:

<u>1957</u>	<u>1958</u>	<u>1959</u>	<u>AS OF APRIL 1, 1960</u>
\$58,929.31	\$775,347.51	\$981,748.39	\$98,991.72

According to the Lorain Assembly Plant Purchasing Office, the plant spent \$6,322,300 for items and services such as these supplied by the Lorain dealers contacted. The total did not include purchases made in 1960. Following is a yearly resume of the amounts spent by the plant:

<u>1957</u>	<u>1958</u>	<u>1959</u>
\$130,200	\$3,219,100	\$2,973,000

Consequently, Lorain sources received 45.3, 24.1, and 33 per cent of the 1957, 1958, and 1959 expenditures, respectively. Lorain Assembly Plant officials were of the opinion that because the city's dealers evidently were reluctant to grant suitable discounts, the city was losing a major share of the potential market which the plant's purchases could provide. These same officials stated that the refusal to make these allowances probably stems from the fact that the major share of the dealers had had previous

experiences in making concessions to local plants with the expectation of transacting a greater volume of business with the firms. The expected business from these plants, however, apparently did not materialize. Thus, the present trend among a large share of local dealers is to grant only minimum discounts. Consequently, the assembly plant has found it more profitable to deal with concerns located out of the city.

Public utilities. In order to recognize the full value of the Lorain Assembly Plant's contributions to the city in the field of public utilities, a certain assumption should be made. Approximately 43.3 per cent of all the available land in Lorain is already being utilized for residential purposes while only 23.0 per cent of the total land remains to be developed either commercially or for residential purposes.⁵⁷ It must be assumed that the expansion of the city's area would probably have taken place whether or not the Lorain Assembly Plant began operations in Lorain. Since 1949, the city had made at least twenty-nine annexations in an attempt to provide the city with adequate space.⁵⁸ According to officials of the City

⁵⁷"Land Use Report," (unpublished report, The Lorain County Regional Planning Commission, Elyria, Ohio, 1959). (Mimeographed.)

⁵⁸For list of Annexations since 1949, see Appendix, page 77.

of Lorain, the assembly plant area was the last logical source of additional land regardless of whether or not the area included the assembly plant. It was conceded, however, that the fact that the plant was located in the area made the annexation more desirable. The city could not expand in any other direction. The northern limits of the city are bordered by Lake Erie. The eastern limits are being considered for annexation either by the City of Elyria or by the City of Lorain. The southern limits are either unattractive because of their run-down condition or are already part of other cities, or they are being considered for annexation by other cities.

If the assembly plant had not been located in the annexed area, the cost of installing the water and gas lines and the communication and electrical equipment so necessary to service the citizens of the community would have been the obligation of the city or the public utility company. In either case, the eventual cost would probably have been passed on to the public in forms of taxes or higher rates. When the initial utility equipment was installed to service the assembly plant, the routing of the lines and the provision of equipment were so directed to service most of the residences and business establishments in the surrounding area.

The Ohio Fuel Gas Company, a part of the Columbia Gas System, completed the installation of a five mile gas line from its pumping station located at the southwestern limit of Lorain to the assembly plant on August 21, 1957.⁵⁹ Because of routing, the line was already serving the plant and an estimated 195 commercial and residential customers in April, 1960.⁶⁰ The pipe line even anticipated the needs of an expected Atomic Reactor Plant allegedly to be built by the Ohio Edison Company.

The installation of the line cost \$143,000. The Lorain Assembly Plant placed this amount on deposit with the Ohio Fuel Gas Company as a guarantee that the plant would utilize the services of the line. The deposit was to be repaid to the plant by means of a forty per cent discount on the plant's quarterly gas bill. The plant would be given this discount for ten years. If the entire amount was repaid prior to this period, the discount would be discontinued. If the deposit was not repaid after ten years, the balance of the deposit would be forfeited.

Although the plant was permitted to discount the

⁵⁹Statements by J. H. McIntyre, Manager of Ohio Fuel Gas Company, Lorain, Ohio. (Personal interview.)

⁶⁰Ibid.

amount represented by the gas charges of all customers using the line, the plant elected to discount the amount charged to the plant only. By March, 1960, the plant had reclaimed \$131,502.12 of the original deposit. Mr. McIntyre estimated that the entire amount would be repaid by June, 1960.

Mr. H. W. Werner, Secretary of the Lorain Telephone Company, presented that company's opinion of the influence of the assembly plant on telephone service in the area in the following manner:

The coming of the Ford Assembly Plant to the Lorain area makes it reasonably sure that the (annexed) area will build up. The company is, therefore, willing to risk the investment (of installing telephone equipment in the area).⁶¹

The investment to which Mr. Werner referred included an outlay of an estimated \$175,000 in cables, transformers and other sundry equipment and labor. The cost of servicing the assembly plant involved an additional investment of \$60,000 for switchboards, \$80,000 for teletypewriters and an undetermined amount for connections of special telephone lines.

The assembly plant paid an initial charge of \$15,000 to the telephone company to defer part of the cost of installation. A two dollar installation charge was made for

⁶¹Comment by H. W. Werner, Lorain Telephone Company, Lorain, Ohio. (Personal interview.)

each of the three hundred odd telephones in the plant. Furthermore, the Lorain Telephone Company demanded and received a written guarantee that the plant would utilize the equipment for a minimum period of five years. The costs of utilizing these services included a flat, monthly rate of \$210 for "tie-line" service which provided a private, direct line to certain out-of-town locations such as the Ford Divisional Offices in Dearborn, Michigan, and an average monthly charge of \$5,800 for regular long distance service.

Mr. A. V. Agnew, Superintendent of the Lorain Water and Sewer Department, substantiated the claim that if the utilities were expected to bear the cost of the expansion, the rates of the utilities would probably increase proportionately. He stated:

The cost of servicing residential customers in the city far surpasses the price charged for such services. We actually make no profit on such customers. We lose money.⁶²

The water department, however, did finance the installation of the water line to the Lorain Assembly Plant and its vicinity. The cost was met from the funds received from a bond issue. The issue was to be paid for from the revenue received from the use of the water line. The

⁶²Statement by A. V. Agnew, Lorain Water and Sewer Department, Lorain, Ohio. (Personal interview.)

increase in rates was not needed in this case because the revenue from the line was considered to be adequate to cover the expense. The cost of the line was \$350,000. Since the line was first used to provide water to the Lorain Assembly Plant, \$88,670 of the initial investment has been returned in the form of water revenue as of December 1, 1959. Mr. Agnew expressed his satisfaction with the transaction by saying:

Where else can you get an \$88,000 return on an investment of \$350,000 in such a short period? We have already received about twenty-five per cent of the investment back in a twenty-two month period. I feel certain that the remaining eighteen years will bring us a rather sizeable profit.⁶³

Invariably the plant has used more than the minimum quantity of water for which it contracted. In 1959, the plant paid \$61,763.60 for its water, while the 1958 charge was \$26,906.50. The minimum quarterly charge in the agreement with the utility is \$5,798.32.

In 1958, industrial revenue for water increased 15.5 per cent, or \$20,814.96, over the 1957 total. In 1958, the plant's water payments accounted for 17 per cent of the city's entire industrial dollar volume of water.⁶⁴

⁶³Statement by A. V. Agnew, Lorain Water and Sewer Department, Lorain, Ohio. (Personal interview.)

⁶⁴"Annual Report: 1958," (unpublished report, Director of Public Service, City of Lorain, Ohio, 1959). (Mimeographed.)

Industrial water revenue increased \$64,221.55 in 1959. The assembly plant paid \$34,857.20 more for their 1959 water than they did for their 1958 supply. A comparison of the additional receipts from the plant in 1959 to the total increase recorded for that same period reveals that the Lorain plant provided approximately 54 per cent of the increase. The plant accounted for 28 per cent of the total industrial receipts for water in 1959.⁶⁵

The Ohio Edison Company of Lorain supplies the Lorain Assembly Plant with its electrical power. Actual costs involved in its service to the plant are not available for publication. However, the Accounting Department of the Lorain Assembly Plant estimated the cost of electricity for the plant as \$180,200 in 1958 and \$544,200 in 1959.

IV. INDUSTRIAL CITIZENSHIP

The Lorain Assembly Plant and its employees are an integral part of the social as well as the economic life of the City of Lorain. The Lorain Community Relations Committee of the plant has recognized the fact that in many of the cities where Ford has or has had plants or

⁶⁵"Annual Report: 1959," (unpublished report, Director of Public Service, City of Lorain, Ohio, 1960). (Mimeographed.)

offices, the company was evaluated not only by the quality of its products and the efficiency of its operations, but also by its conduct as an employer, as an industrial citizen, as a neighbor.

Recognizing the importance of these factors to a successful operation, the plant was designed with clean, modern, architectural lines and well planned landscaping. The Lorain Assembly Plant is the most modern assembly plant in the Ford organization and probably the entire automotive industry.⁶⁶ The Lorain plant has one of the most modern industrial hospitals in the State of Ohio.

The plant's policy to promote employees from within and its extensive training program, complete with training classes and on-the-job training, enable the personnel to learn skill trades and to move to positions of greater responsibility and wages. The plant's suggestion program offers a maximum award of \$6,000 for worthwhile suggestions. Although the plant was in operation for only a short time in 1958, and although the 1959 program was placed on a moratorium status for approximately four months because of the introduction of the new compact models, approximately \$15,000

⁶⁶"For Lorain," (unpublished pamphlet, Ford Division, Ford Motor Company, Lorain Assembly Plant, Lorain, Ohio, 1960).

was paid to Lorain employees for their suggestions. The largest prize, \$1500, was shared by two employees.

The assembly plant is apparently extremely conscious of employee participation in civic and community affairs. Such activity is encouraged by the plant. Employee conferences, meetings, and group discussions are periodically conducted by plant officials in an effort to arouse an interest in and to clarify the means of becoming active in community events.

In every community where a Ford installation exists, a Community Relations Committee has been established to promote company participation as a good citizen in the community. The Lorain committee has sought to encourage local youth to consider local employment opportunities, since these opportunities have not been utilized to the fullest in Lorain.⁶⁷ The deficiency was particularly evident in the class of youth which had completed advanced education. To further the understanding of the activities of the plant, various community and school groups have been, and are invited to make tours of the plant as the guests of the local management. Furthermore, a Fordomatic and a standard trans-

⁶⁷"An Inventory of the Business Climate," p.12.

mission, as well as a complete engine was donated to the Lorain High School for classroom use.⁶⁸

The committee was of the opinion that local hospital facilities were inadequate and should be expanded. Consequently, when in 1957, the Building Committee of the St. Joseph Hospital solicited funds for an expansion of its facilities, the committee negotiated a \$120,000 donation from the Ford Foundation.⁶⁹ Furthermore, after operations had begun at the plant, and further solicitation was made in 1959 and 1960, the Lorain Assembly Plant donated \$45,000 to this cause.⁷⁰

To provide the employees with representation at work, the plant recognizes the United Auto Workers of America as their bargaining agent. As of June, 1960, no major labor discord has developed at the plant. Company contracts give the employees full advantage of vacations with pay, leave of absence concessions, medical coverage and cost of living adjustments in their wage status. Benefits are generally dependent on ^{employee} ~~their~~ seniority with the plant and their present wage status.

⁶⁸News item in the Lorain Ford News, June, 1959, p.1.

⁶⁹News item in the Lorain Journal, November 12, 1957, p. 1.

⁷⁰Donations of \$30,000 in 1959 and \$15,000 in 1960. (See Table XIV, page 59.)

TABLE XIV

LORAIN ASSEMBLY PLANT DONATIONS TO
LORAIN WELFARE ORGANIZATIONS

(1) YEAR	(2) AMOUNT	(3) ORGANIZATION
1958	\$ 650	Lorain High School - One 1958 Ford Engine
	2,000	United Appeal
	250	American Red Cross, Lorain Chapter
1959	950	Lorain High School - One 1959 Ford Engine, one standard and one Fordomatic Transmission
	10,000	Boy Scouts Building Fund
	15,000	United Appeal
	500	Junior Achievement of Lorain, Ohio
	300	Mary Lee Tucker Christmas Benefit
	100	Lorain Fire Prevention Program
	50	Lorain City Club - "Kids Day"
	50	Lorain Christmas Toy Shop
	30,000	St. Joseph Hospital Building Fund
	350	Lorain Civic Memorial Association, Inc.
	800	Lorain Junior Chamber of Commerce
100	Lorain Safety Council	

TABLE XIV (CONTINUED)

(1) YEAR	(2) AMOUNT	(3) ORGANIZATION
1960	\$17,000	United Appeal
	500	Junior Achievement of Lorain, Ohio
	300	Mary Lee Tucker Christmas Benefit
	100	Lorain Fire Prevention Program
	50	Lorain City Club - "Kids Day"
	15,000	Salvation Army Building Fund
	15,000	St. Joseph Hospital Building Fund
	50	Lorain Rotary Club - Easter Seals
	15	Lorain City Firefighters
	9	Junior Chamber of Commerce - Distinguished Services Awards
	1,600	Lorain Chamber of Commerce

SOURCE: Lorain Assembly Plant Industrial Relations office.

CHAPTER IV

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CONCLUSIONS

The Lorain Assembly Plant influences not only the citizens of Lorain who may eventually find employment at the plant, but the plant has a far greater impact on the economic life of the City of Lorain. The first two years of the plant's operations have occurred in a period in which there has been substantial unemployment in the city. While the city's total employment decreased by some 5,000 employees in 1958, and the 1959 total was even 700 workers less than in 1958, the Lorain Assembly Plant, providing employment for 2,348 in 1958 and 3,868 workers in 1959, was the only major industry in Lorain appreciably increasing its employment. The ability of the plant to sustain this high level of employment helped avert a possible situation in which the employment decrease in 1958 could have been approximately twice as great as it was. If the plant had not employed any additional men in the 1959 period, 1,500 of the plant's employees may well have been added to the list of the unemployed.

The plant employees were paid \$19,853,000 in 1959. According to estimates which were based on the survey taken in the plant, \$517,114 was spent each month by plant

employees for various purchases in Lorain establishments. On an annual basis, the expenditure total is an estimated, \$6,205,368. Employees in Lorain pay an estimated \$912,864 in rents each year. Plant employees pay an estimated \$143,087 in property taxes each year. These estimates based on the survey taken among the employees in April, 1960, indicate that the employees place an estimated \$7,261,319 of income in circulation among businesses in the City of Lorain. Local dealers have indicated that the plant has transacted \$1,915,016.93 of business in Lorain since 1957. In 1961, the plant will pay approximately \$660,000 in taxes to the city. Excluding the purchases made by the assembly plant, the Lorain Assembly Plant employees apparently put \$7,921,319 into the city's economy. Overall, the city probably receives about \$10 million of income in some form from the Lorain Assembly Plant each year.

The benefit derived from the plant in the field of public utilities cannot as yet be measured in dollar totals. However, the plant, by sponsoring the installation of necessary equipment for the entire annexed area, relieved the burden of the taxpayers of Lorain. The city incurred no loss in providing utility service. In fact, the water line to the Assembly Plant which was financed by a bond

issue is expected to realize a substantial profit for the city's water department.

The items discussed above constitute the benefits which the assembly plant has provided to the City of Lorain. What are the disadvantages? The city incurred no expense in providing the plant with public utilities. No extra firemen were added to service the plant. The plant has its own fire fighting equipment and personnel. It is proposed, however, that an additional fire station will be erected somewhere near the plant in the near future. However, the plan is merely in the stage of future planning. No extra policemen have been added to service the assembly plant area. According to the Director of Public Service, the only additional cost for police protection because of the annexation is that expense due to the use of additional gasoline to send one of the police cruisers to the area on patrol. The patrol did not require the use of any additional personnel. It meant only that previous patrolling routes had to be re-arranged. The crime rate in the city has not been adversely affected. Annual reports submitted by the chief of police in Lorain, indicated that the city's crime rate has diminished in the past three years.

The only official expenses charged against the assembly plant area, according to financial reports of the various city departments, were those incurred in the servicing of city roads, sewers, and water hydrants. The cost involved was very minor. Generally speaking, the cost of having the Lorain Assembly Plant in the city has been very small. The advantages have already been presented. The city has experienced many clearly defined benefits as was noted throughout the study. If the Lorain Assembly Plant and the City of Lorain officials are correct in their expectations, the future promises even more mutual benefits.

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APPENDIX

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SUMMARY OF EXPENDITURE SURVEY TAKEN AT
THE LORAIN ASSEMBLY PLANT

Total Survey:

Hourly employees contacted	3,443
Hourly employees making returns	218
Per cent of return from hourly employees	6.33
 Salaried employees contacted	 537
Salaried employees making returns	80
Per cent of return from salaried employees	14.89
 Total number of employees contacted	 3,980
Total number of returns	298
Per cent of return	7.48

Returns from Lorain Residents:

Hourly employees making returns	116
Total number of hourly employees making returns	218
Per cent of hourly employees as residents of Lorain	53
 Salaried employees making returns	 32
Total number of salaried employees making returns	80
Per cent of salaried employees as residents of Lorain	40
 Total number of employees making returns and indicating Lorain residence	 148
Total number of employees making returns in survey	298
Per cent of total employment as residents of Lorain	49.7

SUMMARY OF EXPENDITURE SURVEY (CONTINUED)

<u>HOURLY EMPLOYEES:</u>	(1)	(2)	(3)	(4)
	NO.	PER CENT	REPORTED	AVERAGE
	ANSWERED	OF TOTAL	TOTAL	SPENT
		SURVEYED	EXPENDITURE	
<u>LORAIN RESIDENT INFORMATION:</u>				
Clothing	100	46	\$2,970	\$29.70
Food	116	53	6,848	59.03
Eat and Drink	105	48	2,296	21.86
Furniture and Appliances	93	43	1,663	17.88
Automotive parts	94	43	545	5.79
Gasoline Stations	109	50	2,848	26.12
Lumber, Hardware, Building Materials	93	43	721	7.75
Drug Stores	97	44	962	9.91
General Merchandise	92	42	1,458	15.84
<u>TOTAL SURVEY:</u>				
Clothing	188	86	3,767	20.04
Food	212	97	9,365	44.17
Eat and Drink	202	93	3,440	17.03
Furniture and Appliances	183	84	2,621	14.32
Automotive Parts	178	82	1,035	5.81
Gasoline Stations	205	94	1,952	9.52
Lumber, Hardware, Building Material	170	78	1,127	6.57
Drug Stores	194	89	1,332	6.87
General Merchandise	180	83	1,989	11.05

SUMMARY OF EXPENDITURE SURVEY (CONTINUED)

<u>SALARIED PERSONNEL:</u>	(1)	(2)	(3)	(4)
	NO.	PER CENT	REPORTED	AVERAGE
	ANSWERED	OF TOTAL	TOTAL	SPENT
		SURVEYED	EXPENDITURE	
<u>LORAIN RESIDENT INFORMATION:</u>				
Clothing	32	40	\$1,026	\$32.06
Food	31	39	2,480	80.00
Eat and Drink	31	39	668	21.54
Furniture and Appliances	29	36	300	10.34
Automotive Parts	30	38	80	2.66
Gasoline Stations	32	40	770	24.06
Lumber, Hardware, Building Material	27	34	42	1.55
Drug Store	32	40	426	13.31
General Merchandise	32	40	492	15.37
<u>TOTAL SURVEY:</u>				
Clothing	72	90	\$1,599	\$22.21
Food	71	89	4,219	59.42
Eat and Drink	76	95	1,107	14.57
Furniture and Appliances	70	88	733	10.47
Automotive Parts	69	86	161	2.33
Gasoline Stations	76	95	1,313	17.28
Lumber, Hardware, Building Material	64	80	255	3.98
Drug Store	64	80	520	8.13
General Merchandise	64	80	719	11.23

SUMMARY OF EXPENDITURE SURVEY (CONTINUED)

	HOURLY PERSONNEL		SALARY PERSONNEL		
	(1) NO. SPENDING	(2) TOTAL SPENT	(3) NO. SPENDING	(4) TOTAL SPENT	(5) TOTAL
<u>LORAIN RESIDENT INFORMATION:</u>					
Clothing	1,584	\$ 47,045	215	\$ 6,893	\$ 53,938
Food	1,825	107,730	209	16,720	124,450
Eat and Drink	1,653	36,135	209	4,502	40,637
Furniture and Appliances	1,480	26,462	193	1,996	28,458
Automobile Parts	1,480	8,596	204	543	9,139
Gasoline Stations	1,722	44,979	215	5,173	50,152
Lumber, Hardware, Building Material	1,480	11,468	183	284	11,752
Drug Stores	1,515	15,014	215	2,862	17,876
General Merchandise	1,446	22,905	215	3,305	26,210
Total Expenditure		<u>\$320,334</u>		<u>\$42,278</u>	<u>\$362,612*</u>
<u>TOTAL SURVEY:</u>					
Clothing	2,951	\$ 59,507	483	\$10,765	\$ 70,272
Food	3,340	147,438	478	28,413	175,851
Eat and Drink	3,202	53,997	510	7,437	61,434
Furniture and Appliances	2,892	40,940	473	4,900	45,840
Automotive Parts	2,823	16,426	462	1,087	17,513
Gasoline Stations	3,236	58,614	510	8,813	67,427
Lumber, Hardware, Building Material	2,686	17,818	430	1,704	19,522
Drug Stores	3,064	19,726	430	3,492	23,218
General Merchandise	2,858	31,208	430	4,829	36,037
Total Expenditure		<u>\$445,674</u>		<u>\$71,440</u>	<u>\$517,114*</u>

*Totals represent monthly expenditures.

SAMPLE QUESTIONNAIRE USED IN LORAIN ASSEMBLY PLANT SURVEY*

This questionnaire is part of a completely independent study being conducted as part of thesis project at one of the leading Ohio universities. IT IS IN NO WAY CONNECTED WITH THE FORD MOTOR COMPANY OR ITS PERSONNEL nor will the information gathered by this survey ever be surrendered to the personnel or supervisors of that organization. All information is to be kept strictly confidential. DO NOT USE ANY NAMES OR BADGE NUMBERS.

Questionnaire may be returned to boxes marked, "QUESTIONNAIRES" and located at ALL EXITS, ALL TIME CLOCKS, AND MOST COFFEE CANTEENS.

ARE YOU SALARIED _____ OR HOURLY _____

1. IN WHAT CITY DO YOU LIVE _____
2. DO YOU OWN YOUR OWN HOME? _____
3. IN WHAT YEAR DID YOU PURCHASE IT? _____
4. HOW MUCH PROPERTY TAX DO YOU PAY TO THE CITY OF LORAIN?
\$ _____ PER YEAR
5. DO YOU RENT IN LORAIN? _____
6. HOW MUCH RENT DO YOU PAY EACH MONTH? \$ _____

ABOUT HOW MUCH DO YOU SPEND IN LORAIN, IN STORES SUCH AS THE ONES LISTED BELOW? INDICATE YOUR AMOUNT IN EITHER THE WEEKLY OR THE MONTHLY COLUMN.

	<u>WEEKLY</u>	<u>MONTHLY</u>
A. LORAIN CLOTHING STORES\$ _____	\$ _____
B. LORAIN GROCERY AND MEAT STORES	_____	_____
C. LORAIN EAT & DRINK PLACES (INCLUDES RESTAURANTS, TAVERNS, DRIVE-INS	_____	_____
D. LORAIN FURNITURE AND APPLIANCE STORES	_____	_____
E. LORAIN AUTOMOTIVE PARTS	_____	_____
F. LORAIN GASOLINE STATIONS	_____	_____
G. LORAIN LUMBER, HARDWARE, BUILDING MATERIALS	_____	_____
H. LORAIN DRUG STORES	_____	_____
J. LORAIN GENERAL MERCHANDISE	_____	_____

*The sample is an exact duplicate of actual questionnaire used in the survey. Line spacing, however, has been modified to enable its use in this thesis.

LIST OF ANNEXATIONS TO CITY OF LORAIN SINCE 1949

(1) AREA ANNEXED	(2) EFFECTIVE DATE	(3) ACREAGE
1. Homewood Additions	12-21-49	119.59
2. Second Homewood Allotment . . .	9-6-51	157.37
3. Willow Creek, Parts I and II . . .	9-18-53	4.5
4. Lakeview Allotment	9-18-53	75.47
5. Willow Creek and Neumans	9-18-53	70.4
6. Brookview No. 1	9-18-53	25.02
7. Urban Allotment	9-18-53	26.11
8. Oberlin View and Millers	1-4-54	11.0
9. Hungarian Club	6-4-54	
10. St. John Catholic School	6-4-54	17.5
11. Urban Part II	8-28-54	24.0
12. Kucierek Acres	2-25-55	36.0
13. McGlenighans Airport	9-1-55	155.38
14. Oakwood Development Company . . .	9-1-55	207.9
15. Homewood, Part III, IV and V . . .	11-22-55	180.0
16. Parkway Subdivision	3-4-57	211.0
17. Sherwood Allotment	3-4-57	182.0
18. Shield Rest Home	11-21-57	
19. Kolbe Road Area	11-21-57	986.0
20. Both sides Leavitt Road, (North and South)	11-21-57	
21. Lake Road Area to Undercut	11-21-57	
22. Brady Area	11-21-57	
23. Surf Road and Radio Station	2-20-58	91.8
24. Knieram Road - Meister Road	2-20-58	12.8
25. Cemetery and Oberlin Avenue	3-3-58	429.0
26. Pickett Road Area	5-21-58	2.56
27. South Side North Ridge Road	1-15-59	12.61
28. Ford Plant Area	3-16-59	2,100.0
29. Dayton Avenue Area	11-5-59	106.0

SOURCE: The Lorain Director of Public Service Office.

FORM LETTER REQUESTING LOCAL PURCHASE DATA^a

Mr. S. Godlewski
128 Avone Pte. Dr.
Avon Lake, Ohio

20 April, 1960

"Dealer Concerned"^b

Dear Sir:

Your cooperation is requested in an effort to gain information concerning the total dollar volume of business negotiated with the Lorain Assembly Plant for each of the years: 1957, 1958, 1959, and 1960 as of April 1, 1960, if the years apply to your individual case.

The request is being made with the full understanding of the local plant management. The information will not be made public in terms of individual concerns. The data will be totaled and used as a sum figure in a thesis at an Ohio university.

The writer has been encouraged by the plant management to pursue this course and to complete the curriculum. Your aid will be appreciated.

Please forward all replies to the address listed above not the plant itself.

Respectfully,

S. Godlewski

FOR YOUR CONVENIENCE OF REPLY:

1957 . . . \$	_____	1959 . . . \$	_____
1958 . . . \$	_____	1960 . . . \$	_____

^aThe letter presented is an exact replica of the letter mailed to all local dealers having negotiated with the Lorain Assembly Plant. However, the spacing has been changed in this sample for convenience of publishing.

^b"Dealer Concerned". The individual dealer's title as it may apply was inserted here.