

Sacrifice and Corporate Jets: Re-Reading *Iacocca* from the Worker's Point of View©
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Yesterday, November 19, 2008, Richard Wagoner, Alan Mulally and Robert Nardelli, CEOs of GM, Ford, and Chrysler respectively, arrived in Washington, D.C., hats in hand, seeking federal loan guarantees on behalf of the ailing American auto industry. Their message was clear and dire: Without urgent Congressional intervention in the form of \$25 billion in immediate aid and loan guarantees, their firms faced almost certain failure, Chapter Eleven bankruptcy that in a recession as deep as this one threatens to be will more likely than not quickly become Chapter Seven. Liquidation. No more Motor City. Hundreds of thousands of jobs lost. Ripple effects for years to come. The final death-knell for American manufacturing.

The problem? They arrived in lavish-style, on corporate jets.

Congress reacted with outrage and disapproval, still haggard from months of flying, no doubt mostly coach class, back and forth from Washington to home constituencies, during the recent bruising election season. Later in the day when GM released a memo defending the use of the jets as necessary to “executive safety,” the claim rang a little hollow. It didn’t quite jive with the day’s earlier theme of ominous economic threat.

Still, it wasn’t the first time auto executive claims hadn’t quite matched the realities on the ground, or where the executive’s facts mismatched the experiences of the people below.

For many, the episode harkened back to an earlier moment in Chrysler’s history – that of the late 1970s and 1980s – when Lido A. (Lee) Iacocca served as company president, chairman, and CEO. Then, too, Chrysler had been in significant financial distress and had teetered on the precipice of filing for Chapter 11 bankruptcy protection. Iacocca – at least according to his own description in his self-titled best-selling autobiography – deftly led and negotiated the company’s way through these troubled waters, arranging for a \$1.2 billion government loan while overseeing the research and development of new and profitable Chrysler models, like the K-Car and the minivan. While some jobs were likely saved as a result,

many others were not. In fact, Iacocca's biography page on the Web site for his self-named, non-profit foundation credits his efforts at "trimming operations, closing plants, and persuading labor unions to accept layoffs and wage cuts" as central to the effort to keep the company afloat.

In this paper, I want to consider the historical trajectory of the Chrysler Corporation from 1978 onward, focusing on Iacocca's role as revealed in his autobiography, *Iacocca*. I specifically foreground for examination Iacocca's relationship to employees in Chrysler plants and home offices, in order to discern how the voice of the worker emerges throughout the pages of the book or is otherwise appropriated by the executive author. What particularly interests me is the way Iacocca rationalizes his successes and failures; explains his business decisions; defends his privileged social status; and lays claim to his high rate of pay at the expense of a vast workforce facing mass layoffs or otherwise struggling to make ends meet.

But why *Iacocca* and not some other executive autobiography? Indeed, corporate bosses ranging from John D. Rockefeller, Sr., to Alfred Sloan, to Sam Walton, to Ray Kroc, have written such tomes. For the most part, their stories and narrative forms are very similar to the one Iacocca has penned. Nonetheless, within the modern genre of the executive autobiography, *Iacocca* stands out as the quintessential business account. The book topped the *New York Times'* best-seller list for non-fiction books in both 1984 and 1985, a feat unmatched by any other executive tell-all. Some regard Iacocca's book as critical to the re-emergence of the corporate icon as a pop-culture celebrity beginning in the 1980s, and perhaps reaching its climax – or at least a pause and an interlude – in the current moment of economic crisis and Wall Street bailout.

Expectedly, *Iacocca* is a tale of the American Dream, with the makings of a screenplay: Boy of Italian immigrant parents grows up in eastern Pennsylvania, amidst much love,

adversity, and examples of hard work. Father imparts to son equal parts discipline and inspiration. Rheumatic fever makes for troubled childhood period, and disqualifies Iacocca from army service during World War II. Lehigh College recruits young Lee, who is determined to serve his country through his education. The Ford Motor Company offers new graduate dream job. Princeton extends dream scholarship. A Ford manager with amazing foresight agrees to hire Iacocca as a student engineer after he completes his master's degree. The young up-and-comer soon makes somewhat risky switch into sales and marketing. A quick ascension follows. Through sheer will and prescience, the magnificent manager fathers the Mustang, revitalizes Lincoln-Mercury, and rises to become company president, even if later fired unfairly. Iacocca refuses to give up; hires on at Chrysler, saves the corporation – and then the Statue of Liberty.

Of course, such a whirlwind account loses the texture of the tale, especially as it pertains to Iacocca's relationship with Chrysler workers and their assumingly critical, if less lionized, contributions to the company's re-emergence as a dominant player in the automotive industry (not to mention what role they played during his tenure at Ford). This is probably to be expected, as Iacocca's story is the upside of the American Dream – the heroic and legendary “right stuff” that supposedly proves that if he can make it, so can we all. But, as Scott A. Sandage shows in his book *Born Losers*, there is a hidden underside to economic striving. Sandage exposes capitalism's concealed base via “begging letters” (Sandage, 2005:228) sent to successful men like John D. Rockefeller and Mark Twain from some of the failed-and-forgotten men of the 1880s. These epistles reveal the ubiquitous fact of defeat in capitalism and elucidate the great discrepancies between the American dream's promises and its actual provisions. Sandage's book offers an interesting juxtaposition to Iacocca's autobiography. Iacocca congratulates himself as a self-made man and a hero. And most external accounts agree with

him. But this paper is not another adulation of Iacocca; what I intend to show are the voices and historical narratives that Iacocca's book and other accounts of his life evade. That is, in the spirit of Sandage's book, this paper seeks to interrogate the spaces and silences in the executive's own tale of success.

Iacocca positions himself as one among the people with keen insight into the life of the working man. He writes effusively about how Henry Ford "decided to pay his workers \$5.00 a day and created a middle class in the process" (Iacocca, 1984:303). He also pays homage to labor legend Walter Reuther, founder of the United Auto Workers (UAW). This move is both unexpected and brilliant, as it reappropriates a labor legend into a management sympathizer, and thereby joins seamlessly the otherwise (often) conflicting goals of labor and capital; in a Reuther turned Iacocca-ism, both sides simply seek a fairly-sized slice of the pie. Iacocca evades specificity on the matter of whose slice should be how big, although it seems clear he thinks labor deserves less pie than does executive suite. This is clear in an earlier passage when he remarks, without self-reflection or compunction, that "workers and managers represent different social classes, which is always a source of tension. "The worker on the assembly line is resentful of the managers who, he imagines, drink coffee all day and don't work very hard" (Iacocca, 1984:309), Iacocca writes. To contradict this stereotype, Iacocca goes to great lengths to demonstrate the long hours executives put in, and to downplay, sometimes quite absurdly, the privileges afforded to upper rung individuals in corporate work. For example:

The corporate jet is not a perk. It's a necessity. Believe me, it would be a lot nicer to fly first class in a commercial airplane with a friendly stewardess serving us drinks. But the company jet is a great time-saver – and stress saver as well (Iacocca, 1984:257).

This statement comes just after Iacocca admits to paying executives (in 1980s dollars) “two hundred grand a year” (Iacocca, 1984:257), thus encouraging the reader to unproblematically accept as obvious, routine, even normal, making choices between private planes and first class tickets. Clearly these guys could not deign to ride coach.

In fact, Iacocca masterfully employs pith and colloquialism to avoid much responsibility for downswings or other business failures during his tenures at either Ford or Chrysler, even as he lauds himself at every turn for what goes right. He evades responsibility for his firing at Ford by painting Henry Ford II as a lunatic boss more interested in wine and women than the company he was supposed to be serving. He ducks culpability for Chrysler’s failings by arguing that the company’s troubles were far worse than he realized when he accepted the job as company president, and by insisting that the true cause of the company’s dismal financial performance was over-regulation when it came to vehicle safety and emissions requirements. This allows him to dismiss his own previous rhetoric against any government role in private enterprise: If legislation was to blame, then why shouldn’t Washington help clean things up? And so off he went to seek a federal loan guarantee. To further buttress his claim about the need for government intervention, Iacocca orients the discussion away from Chrysler management or Chrysler business decisions, and insists that the real ones at risk and in need of help were workers both inside and outside of the company. None of this was about *me*, Iacocca almost seems to implore, it was all about and for *them*. Consider in this regard, the following small selection of passages from Iacocca’s book:

- [S]aving Chrysler would also preserve jobs – lots of them. Altogether, counting our workers, dealers, and suppliers, six hundred thousand jobs were at stake (Iacocca, 1984:207).
- Only the imports could have met America’s sudden and insatiable demand for small cars. And so if Chrysler went under, America wouldn’t only be importing more small cars. We would also be exporting jobs (Iacocca, 1984:208).

- [Union president Doug] Fraser ... knew what would happen to his people if Chrysler failed. And he knew we weren't crying wolf (Iacocca, 1984, 224).

And so on. Through these passages, Iacocca is able to make real, tangible – personal, if you will – the human cost prospective of Chrysler's impending economic collapse. There is merit to this claim, no doubt. Many long-timers at Chrysler still believe that Iacocca's business moves saved their company and their livelihoods. If anything could compel a federally secured loan, it would be the potential to save so many from the dread of joblessness. This is why Iacocca is able to conclude his description of his pleas to Washington lawmakers by writing, "[I]t's been four years since the loan guarantees were passed. During that time, we've kept hundreds of thousands of people off the [unemployment] dole" (Iacocca, 1984:227). Implicit in the claim is the notion that he's told the whole story, and that this fact alone forgives all the rest.

A few facts contradict Iacocca's claims of being foremost concerned for his employees, however. First, tens of thousands of people were laid off from Chrysler between 1978 – 1982. Second, Iacocca relishes in accounts that blame workers for company woes instead of management. And third, Iacocca's own relationship with line and factory workers was often far from rosy or supportive.

To be fair, Iacocca does recognize that some jobs were lost during the company's downturn. He even refers to them once as "mass firings" that "were tragic" (Iacocca, 1984:189). Where top officials had to be let go, Iacocca says he did not dodge delivering the bad news himself. But this acknowledgment of intimate knowledge of some of the firings is part of the problem with Iacocca's account. This is because Iacocca conflates the experience of being fired from a high-paying executive's job, with what it is like to be displaced from factory work. These are almost certainly not the same thing. So, it rings a little false when Iacocca writes that,

"Having been fired myself, I had become an expert on what not to do ... You have to put yourself

in the other guy's shoes and recognize that no matter how you dress it up, it's a pretty bad day in anyone's life" (Iacocca, 1984:189). A pretty bad day? Being fired from the presidency of the Ford Motor Company bears almost no similarity to losing a spot on the factory floor, or even a white-collar slot in accounting or marketing. Iacocca admits that he was financially set for life when he left Ford. Further, he says that as soon as his firing was made public, he was offered high-level jobs in several other companies, along with the deanship at several business schools, including New York University's. So while Iacocca may understand something about the disappointment, shame and humiliation of workforce displacement, he knows almost nothing of the financial stress, the public ascription of personal failing (at least not for long), or the frustration of applying for job, after job, after job, only to receive no offers. Iacocca officially left Ford on October 15, 1978. He started at Chrysler on November 2. That's a span of less than three weeks.

Furthermore, as Doron P. Levin shows in his book *Behind the Wheel at Chrysler*, Iacocca "had dispatched not a few men in a manner as cold and cutting as he had been dispatched [from Ford]" (Levin, 1995:41). That Iacocca writes as though he approached the firings and layoffs with a sense of "social responsibility" (Iacocca, 1984:190) is doubtful, no matter how much Iacocca needs this to be true for the picture he is trying to paint. Instead, the "mass firings" were more likely calculated business decisions made by people with little risk of being the next to be let go. Iacocca may have had pangs of guilt, but in his mind he was trying to save a company, not individual jobs, no matter how individual those losses may have been to the ones who suffered them. This is why he is able to write without conveying much sense of remorse, "I'm sure we have some blood on our hands. But this was an emergency, and we tried to do the best we could" (Iacocca, 1984:189).

Also essential to Iacocca's account of how saving the company was about the employees, and not about wealthy executives or even stockholders, is his self-described affinity for, and likeness to, average factory employees. Iacocca seems to actively try to dissuade his reader from seeing him as a greedy business executive, even though he admits that he only agreed to accept the top spot at Chrysler after they agreed to match the \$360,000 salary he had been earning at Ford. "I've never had any qualms about getting a high salary," Iacocca explains. "I appreciate the achievement a high salary represents" (Iacocca, 1984:146).

However, Iacocca had to downplay the swagger that such a large paycheck carried in order to convince both legislators and taxpayers of the necessity of the government loan. In order to do this, Iacocca agreed to accept only \$1.00 in salary for fiscal year 1980, as evidence that the CEO and the workers were engaged in "equality of sacrifice" (Iacocca, 1984:229). Of course, Iacocca elides mentioning his stock interests in the company – interests that, in the case of a Chrysler turnaround, promised to be worth millions. Indeed, in 1992, the year that Iacocca left the company, he "earned more than \$14.5 million in salary, bonuses, and stock options" (Hyde, 2003:293). To this end, Forbes Magazine reported in May, 2002 that Iacocca actually earned \$868,000 in 1980.

Still, to workers, and likely to readers, the \$1.00 looked like an authentic gesture of solidarity. And maybe it was. But Iacocca had no qualms about using it to his advantage. He writes colorfully of union negotiations, of himself as a "skinny cat" as opposed to a "fat cat" (Iacocca, 1984:232), and of the fact that his diminutive salary allowed him to have no qualms about getting "tough":

"Hey boys," I said. "I've got a shotgun to your head. I've got thousands of jobs available at seventeen bucks an hour. I've got none at twenty. So you better come to your senses" (Iacocca, 1984:232).

Some quick math will show how equal these sacrifices really were. If Iacocca had earned his full salary of \$360,000 in 1980, his total compensation would have been more than \$1.2 million dollars. So, for one year only, he sacrificed thirty percent to earn many millions more over the years of his tenure at Chrysler. But the Chrysler workforce sacrificed half of itself in layoffs, and then more than \$2.00 on average per hour, per worker. A high union salary in 1980 was \$35,000. If, as Iacocca himself reports, the “average working guy at Chrysler gave up close to \$10,000” during the 1980 contract negotiations, this also amounts to a nearly thirty percent cut. But it’s not hard to discern who probably missed the money more. Neither is it hard to hypothesize who tended to benefit more from the turnaround, nor is it surprising that some union members resented Iacocca’s return to “fat cat” status once the company resurgence was nearly complete in 1982. As Levin describes it:

Many workers felt betrayed because they believed Iacocca had conveniently forgotten their sacrifice. He was raking in millions while they were being told the company couldn’t afford to pay them what workers were getting at Ford and General Motors... (Levin, 1995:82).

The ethic of equality of sacrifice certainly sounds reasonable and may in fact be reasonable when subsequently met with equality of reward. But Iacocca reaped while workers continued to struggle. At least 43,000 Chrysler workers left the company 1982, many involuntarily (Hyde, 2003:259). It should come as no surprise that Chrysler workers engaged in a five-week long strike in that same year.

Accounts about interactions between Iacocca and Chrysler workers are perhaps most telling of his attitude toward employees. The former CEO writes adoringly of a female employee from Detroit’s Lynch Road factory who had written an opinion piece in the plant newspaper. “In effect,” Iacocca writes, “she told her fellow workers to shape up” as people were being laid off, and to search their hearts and work records to see “the times you goofed off, or

the times you turned an eye on shoddy stuff” (Iacocca, 1984:235). Iacocca was so impressed by this woman’s willingness to blame her fellow employees for the company’s dire straits that he invited her into his office to talk. She, in turn, brought him a cake that he describes as so delicious his wife sought the recipe for it. Iacocca’s meeting with this employee is notable for the fact that it is one of the very few encounters with lower rung members of the Chrysler workforce that he speaks of in the book. It also seems indicative of a general contempt for blue-collar workers, scarcely congruent with his earlier descriptions of his devotion to save the company on their behalf.

In the end, Iacocca’s autobiography constitutes a relatively compelling read. Nonetheless, his particular autobiography works in much the same way as do all autobiographies, which is to glorify the main subject at the expense of other key constituents. By their very nature, autobiographies foreclose possibilities for alternate histories or voices. Undoubtedly, a narrative account of the Chrysler Corporation during Iacocca’s tenure with the company would differ greatly if composed from another perspective, especially a perspective from below. Iacocca’s account re-inscribes the hegemony and the “can-do” spirit of the American dream while evading mention of the fact that for every person who scales the mountain of success, many others languish in valleys of failure.

Iacocca published this book in 1984, at the pinnacle of his success and before things began to sink again at Chrysler. The year the manuscript hit bookshelves, Chrysler earned almost \$2.4 billion dollars. By the time Iacocca left in 1992, those numbers had slumped to \$723 million; in 1991 the company had lost nearly \$800 million (Hyde, 2003:264). From 1985 onward, most business historians regard Iacocca as a sub-par leader. Some suggest that he was distracted by his work for the Statue of Liberty-Ellis Island Foundation, or that he made foolish acquisitions that had little to do with the car business, like the savings and loans chain First

Nationwide or the corporate jet producer, Gulfstream Aerospace (Hyde, 2003:273), and that these ventures hurt his ability to successfully manage Chrysler. Some argue that after the minivan, Chrysler stopped designing innovative and appealing cars. Other accounts blame his lavish lifestyle and, ironically, his enormous ego. Iacocca's frugality in 1980 was a one-time offer; by 1989, he demanded perks that required 25 full-time employees to fulfill.

The story ends predictably. Iacocca was forced out from Chrysler, proving that no job is really safe. In December, 1991, standing in the hallway outside of the conference room where inside the Chrysler board was deciding to open the search for his successor, "Iacocca attempted to subdue his emotions but the seething resentment and frustration were difficult to mask" (Levin, 1995:1). He, like so many of the winners-cum-losers in Scott Sandage's book, found himself shoved out into the cold, grasping for power, watching his legacy and fate slip from his control. It had to have hurt.

It's hard not to wonder if Iacocca thought in that moment of the many nameless, faceless, uncelebrated workers he'd pink-slipped over the years, and it's hard not to wonder if he didn't catch a glimpse of the view from the bottom instead of the top. The company would go on without him. It would go on because of the others – because the workers he'd for so long overlooked, displaced, and disparaged would still be there. They didn't need him anymore.

It was he now, who needed them.

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¹ This paper is a small cut from a much larger project. The references are inclusive of this larger text, since the ideas are implicitly present throughout.

