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Crash Course: The American Automobile Industry's Road from Glory to Disaster

"A fascinating inside look at how ego and hubris destroyed an industry... a gripping, riveting must-read."
—JAMES B. STEWART, author of DEN OF THIEVES and DISNEYWAR

CRASH COURSE

THE AMERICAN
AUTOMOBILE
INDUSTRY'S ROAD
TO BANKRUPTCY AND
BAILOUT — AND BEYOND

PAUL INGRASSIA

Winner of the PULITZER PRIZE



WITH AN UPDATED AFTERWORD BY THE AUTHOR

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Par Paul Ingrassia : **Crash Course: The American Automobile Industry's Road from Glory to Disaster** before purchasing it in order to gage whether or not it would be worth my time, and all praised Crash Course: The American Automobile Industry's Road from Glory to Disaster:

Description :

Prsentation de l'diteurWith an updated Afterword by the author.This is the epic saga of the American automobile industrys rise and demise, a compelling story of hubris, missed opportunities, and self-inflicted wounds that culminates with the president of the United States ushering two of Detroit's Big Three car companiesonce proud symbols of prosperitythrough bankruptcy. With unprecedented access, Pulitzer Prize winner Paul Ingrassia takes us from factory floors to small-town dealerships to Detroit's boardrooms to the White House. Ingrassia answers the big questions: Was Detroit's self-destruction inevitable? What were the key turning points? Why did Japanese automakers manage American workers better than the American

companies themselves did? Complete with a new Afterword providing fresh insights into the continuing upheaval in the auto industry—the travails of Toyota, the revolving-door management and IPO at General Motors, the unexpected progress at Chrysler, and the Obama administrations stake in Detroit's recovery. Crash Course addresses a critical question: America bailed out GM, but who will bail out America? Extrait One: Where the Weak Are Killed and Eaten. It really wasn't intended to be a prophecy. It was just a smart-alecky T-shirt worn for years by local teenagers to annoy their parents and show their perverse pride in the Motor City's tough-town image. It said: Detroit: where the weak are killed and eaten. But the menacing message seemed all too appropriate in the bleak winter of 2008-2009, when signs of weakness—indeed, desperation—erupted everywhere in Detroit. One bankrupt car-components company economized by servicing the bathrooms in its suburban headquarters only every other day. Some of the bathrooms ran out of toilet paper, prompting employees to hoard it or bring their own from home. In the city itself employment prospects were so bleak that some prisoners begged to stay in jail to get food and shelter—three hot meals and a cot, in the local parlance. The city's battered economy was reflected on the football field, where the University of Michigan was enduring its first losing season in forty years, and the Detroit Lions were plummeting to pro football's first 0-16 season. During their 47-10 drubbing on Thanksgiving Day 2008, fans unfurled a banner reading bail out the lions. It was a gallows-humor reference not only to the football team but also to the weakest teams in town—General Motors, Ford, and Chrysler. Since the beginning of the century America's Big Three car companies, bleeding from more than \$100 billion in losses in four years, had shed more than 333,000 employees, enough to populate the city of Cincinnati. In November 2008 GM's stock closed below \$3 a share for the first time since 1946, when Harry Truman was president. To conserve cash, the company ended its nine-year endorsement deal with golfer Tiger Woods, who was making more money than GM anyway. That same month Detroit's automakers went to Washington to beg Congress for a bailout in a last-ditch effort to avoid another b-word, bankruptcy. Their potential demise marked a shocking reversal of fortune for companies that had been defining forces in shaping America and indeed the world. Detroit's manufacturing muscle had helped win World War II and underpinned U.S. economic hegemony in the postwar Pax Americana. The companies had made Detroit the Silicon Valley of the mid-twentieth century, a place of economic opportunity, where hillbillies from Appalachia and sharecroppers from the South could break out of poverty and grab a piece of America's bounty. Ford had invented mass manufacturing and, with it, the car that had put the country on wheels, bringing mobility to the masses and freeing multitudes of American farmers from the drudgery of rural peasantry. Henry Ford's Model T had been the first people's car and had indirectly inspired the development of another people's car: the Volkswagen Beetle. General Motors, in turn, had pioneered mass marketing, with a hierarchy of brands ranging from the practical Chevrolet to the prestigious Cadillac that fit Americans on all rungs of the socioeconomic ladder. GM also had developed the organizational principles—decentralized operations subject to central financial control—that would underpin virtually every corporation in America and the world. GM scientists had invented the room air conditioner and the mechanical heart pump. And in 1955 GM had become the world's first company to earn more than \$1 billion in a single year. That General Motors could go bankrupt seemed as unlikely as, say, America's banks going broke or a black man being elected president of the United States. But in fact all three of those things—once a historic breakthrough, the other two historic breakdowns—would happen in the mind-numbing months between late 2008 and mid-2009. In the end the bailout of America's banks would cost seven or eight times as much as rescuing Detroit, but the emotional impact would be nowhere near as deep. It was cars, after all, not banks, that Americans celebrated in books, movies, and music. The Beach Boys' memorable 1963 song was Little Deuce Coupe, not Little Deuce Coupon, and Wilson Pickett's hit three years later was Mustang Sally, not Mustang Sallie Mae. Millions of Americans cherished the memories of the 1950s tail fins, the 1960s muscle cars, and their own sexual and other escapades in the automobiles of their youth. A typical episode occurred in Kalamazoo, Michigan, in 1969, when two boys driving a hot new Ford Mustang pulled out of a local Chicken Charlie's drive-in, tailed by girls driving a Plymouth Barracuda. It was showtime. When the Mustang's driver hit the accelerator, the car literally flew over a blind hill and momentarily went airborne—just as it was passing a parked policeman. The cop must have been startled, because when he pulled the boys over, he had hot coffee spilled on his uniform. Thousands of such incidents, all across America, would inspire Hollywood a few years later to make a movie called American Graffiti. By the end of the twentieth century America's love affair with the automobile had evolved into an infatuation with the sport-utility vehicle, or SUV, designed for traversing off-road terrain, although few people actually took it there. The vehicle's unlikely popularity made it fitting that on December 7, 2008,

Detroit's greatest hour of need, three gleaming white ones—a Chevrolet Tahoe, a Ford Escape, and a Dodge Aspen—were parked like sacred icons at the altar for a special service at the Greater Grace Temple Pentecostal Church on Detroit's northwest side. It happened to be the sixty-seventh anniversary of Pearl Harbor, but the service wasn't to pray for deliverance from Japanese dive-bombers or torpedo planes. Instead it was to beseech relief from Toyota Camrys and Honda Accords, whose wide popularity on top of America's financial crisis was a critical cause of Detroit's affliction. A vice president of the United Auto Workers led prayers for a congressional bailout and gave the worshippers a benediction for the occasion. We have done all we can do in this union, he said, so I'm going to turn it over to the Lord. The presiding prelate at the service intoned: We have never seen at midnight an hour as we face this week. Lives are hanging above an abyss of uncertainty as both houses of Congress decide whether to extend a helping hand.... Uncertainty was hanging heavily in many places across America that were far from Detroit. One was the sparrow-fart town of South Paris, Maine, as Gene Benner affectionately put it. There he owned Bessey Motor Sales, the Chrysler-Jeep-Dodge dealership that served the town of 2,200 people, some ninety minutes northwest of Portland. Benner was the quintessential small-town car dealer. His road to that occupation, while less than direct, was a real-life version of the American dream. He had been a star wide receiver, and holder of a host of school records, on the University of Maine football team. After graduating in 1970, Benner was drafted by the Cleveland Browns and hoped for a pro football career. But after being cut in the team's tryouts, he played semipro football in Connecticut for a while, then returned to Maine to become a high school teacher and coach. In 1984 he wanted to change careers and started selling cars at Bessey Motors. A decade later he scraped together all the money he could find, including borrowing some from his mother, and bought the dealership. In his twenty-five years in the car business he had seen a lot: Chrysler's incredible comeback under Lee Iacocca in the 1980s, the smash-hit successes of the company's minivans and Jeeps, Chrysler's 1998 merger with Daimler-Benz to form the first post-national car company, and the sale of Chrysler in 2007 to a private equity firm after the Germans had given up on the deal. In 2008 Benner's dealership was losing money, and he faced difficult decisions on how to save it. Nothing he could do would matter, however, if Chrysler just collapsed. That calamity, if it happened, would throw his thirty employees out of work and wipe out everything he had worked for in the last quarter-century. Detroit's crisis, in a very real sense, was Gene Benner's crisis too. The same was true for Fred Young and his son, Gene, in another small town far from South Paris. They were autoworkers. Fred retired, Gene still active at the Chrysler assembly plant in Belvidere, Illinois, a town of about 22,000 people some seventy miles northwest of Chicago. America's automotive history ran deep in Belvidere, where the first car had been built in 1904: the Eldredge Runabout, an open-air two-seater produced by the local National Sewing Machine Company. Like the Zenmobile, the Orient Buckboard, and most cars that appeared in the auto industry's early years, the Eldredge Runabout soon flopped. Not for another sixty years would cars again be made in Belvidere. In 1965 Chrysler built a spanking-new assembly plant just outside the town, and Fred Young started working there. He toiled in the factory for thirty-six years before retiring in 2001 with a comfortable pension and free medical care for life or so he thought. In 2008 he was seventy years old, and with Chrysler's survival in doubt, Young was worried about his future too. Gene Young had followed his father's footsteps onto the factory floor in 1999. Over the next nine years he had spent only half of his assigned working hours actually building cars, but he had gotten paid for the other half anyway. That was thanks to the Jobs Bank, a program that was started by the car companies and the UAW in the 1980s. The original intent of the Jobs Bank was to provide temporary security for hou... *Revue de presse* "Paul Ingrassia, with longtime and impressive credentials thinking and writing about the vicissitudes of the American auto industry, has delivered in *Crash Course* a devastating and compelling narrative of the ongoing hubris and miscalculation that felled one of our country's corporate treasures. Ingrassia explains clearly that the Big Three's days were numbered long before the recent bankruptcy filings of GM and Chrysler. *Crash Course* thus becomes a cautionary tale for an industry's failure to make the changes necessary to survive in a global marketplace until it was almost too late." William Cohan, author of *House of Cards* and *The Last Tycoons* "How did America's biggest business sink? It's complicated—three Titanics, dozens of icebergs, and 60 million deck chairs per year being rearranged. Only Paul Ingrassia can explain." PJ O'Rourke, author of *Driving Like Crazy* "Crash Course is one wild ride. Paul Ingrassia knows the auto industry from union hall to executive suite, from greasy plants to sleazy accounting practices. Passionate, biting and insightful, this book is a devastating critique of how capital and labor unwittingly colluded to break apart a great American industry. Rich with insider anecdote, peopled with unforgettable and unforgivable characters, *Crash Course* explains not just what happened to

America's cars, but to its very soul."Geraldine Brooks, author of March"Paul Ingrassia is the best informed, most insightful reporter on the auto industry. A gripping decline-and-fall saga of Detroit's Big Three, Crash Course is a fascinating inside look at how ego and hubris destroyed an industry, with riveting behind-the-scenes details and great reporting. This book is a must-read account of how the Obama administration took control and upended the Detroit power structure."Jim Stewart, author of Den of Thieves and DisneyWar"Paul Ingrassias deeply insightful and highly knowledgeable chronicle of the American automobile industry should be read by anyone who is interested in finding a successful way forward, not only for American automakers but also for American manufacturing and our workers. One might not agree with all of his views, but they should stimulate the serious debates that we need on issues critical to our future."Robert Rubin, Co-Chairman, Council on Foreign Relations and Former Secretary of Treasury