

# Lido 'Duce' Iacocca: McNamara's clone in the White House by 1988?

by Leif Johnson

Anything you know about Lido "Lee" Iacocca isn't true. Lido Iacocca is not a self-made man, he did not save the Chrysler Corporation, he does not believe in curbing imports, he does not believe in keeping American industry strong, he did not "fight inflation," his "successful" cars were death traps, he is absolutely not "not running" for the presidency, he was not fired by Henry Ford II in July 1978, and he most assuredly isn't just a cigar chomping, successful Archie Bunker who likes to astonish his listeners by telling the truth.

America's biggest consumer fraud is indeed running for the presidency. It will be a cross between Robert Strange McNamara, the man who created Lido Iacocca, and Felix "The Fixer" Rohatyn, the man who designed the Chrysler Loan Guarantee Board—a presidency that would resemble Italian dictator Benito Mussolini's corporate state.

The pieces for the presidential bid are already in place. Months ago Max Fisher's henchman-mayor, Coleman Young of Detroit, announced his endorsement of Iacocca, leading to the endorsement by Michigan's two U. S. Senators Riegle and Levin, followed by the Aug. 23 bandwagon-joining by Michigan Gov. James Blanchard.

The muscle is to be provided by the United Auto Workers (UAW), whose ten month long celebration of its 50th birthday has been aptly described by a UAW unionist as "nothing but a campaign machine for Iacocca." The irony of a union using its 50th anniversary to boost an individual dedicated to destroying that institution is not lost on most; Iacocca is not popular in Detroit.

Lido Iacocca's campaign is being crafted in the traditional mold of twentieth century dictators: a strong man, ruthlessly successful, capable of forcing the nation to "take the hard choices." Self-willed, bluntly direct and "honest," a true man in a nation of corrupted hangers-on, complacent weaklings, incompetent bureaucrats and failed leaders. A man who can make the people bite the bullet, force a nation to accept dictates that hurt, that are unpopular but he knows are necessary for survival in a hostile and vicious world. And invincible; a man with such drive that opposition crumbles, and success attends his every footstep. Success, success at any price. As the nation's woes fill its citizens with the hollowness of failed lives, poverty, bankruptcy, and unemployment, at least one man can be looked upon as successful. Il Duce.

This is the image. There are no issues but the triumph of will. Policies? We won't announce them now, but they will be distasteful and they will be successfully implemented. The corporate state will be in Lido's favorite phrase, "Lean and mean."

At a July 18 Detroit press conference called to tout the \$600 million second-quarter profits, a reporter asked if he would have done anything different at Chrysler since 1978. Lido answered, "You mean over the last five years? . . . If you had to take one single thing out, I think it worked out as well as anything in a lifetime could work out. Our dealings with the banks, with the unions, with our employees, the quality of sacrifice. It worked. So you look at the positive side—it worked."

The reporter followed up, "Who do you feel may have paid most of the recovery?" Lido became eloquent: "I think everybody paid rather equally. We tried to do it that way or it wouldn't have succeeded. That's a story in itself. The perception was that everybody suffered equally. Whether they did or not exactly doesn't matter in life. It's the illusion. . . . Everybody felt that everybody was pulling his oar . . . everybody took a pounding."

Few in that press conference may have known what Lido was referring to: The "saving" of Chrysler was no more than a gigantic operation by Felix Rohatyn of Lazard Freres bank to cheat the workforce of \$1.5 billion, cheat the suppliers of several hundred million, cheat the federal government of inestimable millions in taxes, and finally local governments of many millions in property taxes, while destroying half of the company's production capacity and unemploying 100,000 workers. The illusion was the "salvation" of the company.

Reporters asked about the upcoming Chrysler-UAW contract negotiations: "Do you drop a Saturn agreement on the [bargaining] table and say let's start from here?"

Lido answers: "I would say no less than that. . . . I think now we have a new era starting here, and we should start looking at what's good about it and we should do as well or better. I mean, that's progress. We are, however, the first national contract up. These have been individual plans or projects in the future. This is for real this fall."

The "Saturn agreement" referred to is the handshake accord between General Motors and the UAW covering the workforce at the planned 1990 Saturn auto plant in Spring

Hill, Tennessee. That agreement stipulates that there be no grievance procedures, no shop committeemen, no seniority, no job classifications, no collective pension system and wages set at 80% of average U.S. auto wages. In other words no union—or not quite. The union merges indelibly into the management, a move pioneered by Lido who put the UAW president on the board of Chrysler. Union officials become the “kapos” or enforcers of the company, keeping the men chained to “new era” corporate feudalism.

Now mark Lido’s words: “This is for real this fall.”

Remarkably, no reporter thought to ask Lido why he was asking for a dismantling of the union and massive sacrifices after boasting of an \$852 million second quarter earnings. Dazzled perhaps by Iacocca’s success, they listened intently while he acted the part: “We had a great second quarter. The people out there like our stuff. Our share is up, and GM’s down, and that about tells it all. . . . Chrysler’s pre-tax earnings for the quarter were \$852 million, and that was record . . . for the six months we also set a record with nearly \$1.6 billion in earnings . . . and here’s maybe the strongest figure of all, our earnings per share after taxes did manage to break \$5 for the quarter.” And so it went. . . .

### Who created Lido ‘Duce’ Iacocca?

Iacocca is the creature of Robert Strange McNamara, whom he met as a Ford Motors executive. McNamara became notorious, after leaving Ford, as U.S. secretary of defense 1961-68, where he acquired his reputation for fanatical cost-accounting that destroyed U.S. strategic capabilities and was gruesomely carried out in the Vietnam “body count.” From 1968 to 1981, as president of the World Bank, McNamara deliberately enforced genocidal credit policies. His violent irrationalism is thought to be related to his devotion to the Lucis (actually, Lucifer) Trust, a gnostic cult headquartered at the United Nations.

But McNamara is an oligarchical “operator,” not the figurehead. A different personality is needed, one that craves fame with the fixation of a moth with a light. Lido was early identified as embodying the right personality.

Lido Iacocca was named for Lido Beach in Venice, Italy, the capital of the Western oligarchy and the creators of the failed Duce Gabriel d’Annunzio and the “successful Duce” Mussolini. Lido’s father dreamed and worked for wealth, buying restaurants, auto dealerships, movie houses, and real estate in Allentown, Pennsylvania.

The desire for success permeated Lido; early friends remember when he joined Ford in 1946 that he wrote his predictions for his corporate climb in a small notebook. Lido attended Lehigh University, graduating with an engineering degree, then took a graduate degree at Princeton. Lido became convinced that engineering would never get him to the top, but marketing would.

He was right. Walter Chrysler had died in 1940. Henry Ford, 80 by the end of World War II, was about to be bounced out of the company he had founded. The great engineers and

capitalists were being ousted by the financial oligarchs. In Detroit, General Motors, the creation of Morgan Bank to destroy the capitalists, Ford, Chrysler, and others, was devoted to halting the engineering perfection of automobiles, substituting “styling.”

The financial oligarchs have had unqualified “success”: No major technological advance has occurred in the auto industry since World War II. The industry’s immense resources have been devoted not only to the insane “styling” changes but to de-engineering autos to guarantee part break-downs and rusting in almost precisely known time or mileage frames. Another major effort was devoted to producing the same number (but ultimately much smaller cars) with ever fewer workers—never increasing the worldwide market for autos, tractors, farm equipment, and transportation equipment including aircraft, an essential ingredient in world economic development. Everything became “market share”; as Lido boasted to the reporters on July 18, “Our share is up, and GM’s is down, and that about tells it all.”

In late spring 1945 Leander Hamilton McCormick-Goodheart, a Briton working with the McNamara-FBI faction that ousted the elder Henry Ford and developed the Ford Foundation as a major source of oligarchical evil, toured American universities to recruit the new crop of technocrats and marketing men who would clean out the remaining “Ford men.” McCormick-Goodheart’s debonair appearance and new Lincoln dazzled Lido, who in turn impressed McCormick-Goodheart as bearing the proper hunger for success. Said McCormick-Goodheart, “When I first saw him, I noticed a tremendous directivity in the young man, a tremendous awareness of where he was going. He had a goal, and it stuck out, as much as saying, ‘I know where I’m going to do with myself.’”

Lido was telling his classmates that he would be a Ford vice-president by the age of 35. After a year at Princeton, Lido reported to Dearborn, Michigan to enter the Ford training program. Lido convinced his superiors to cut his training time by a third and was assigned as a field manager in Chester, Pennsylvania. “Field managers” goad the local dealers to push advertising, sales gimmicks, and anything else to sell cars. For Lido it was overtime on weekdays to guarantee success; on the weekends delivering the success stories to mother in Allentown.

In 1956, the McNamara management at Ford see their clone making it. Lido drummed up a sales binge with the slogan “’56 for ’56” meaning \$56 a month for a ’56 Ford. He had realized that the potential to string Americans out on credit had not been tapped. More cars could be sold if the right monthly payment were arranged.

McNamara orders Lido to corporate headquarters and stuffs him with the cost-reduction accounting schemes that had set the path for a series of small cars that Lido would later ride into the company presidency. Lido absorbed McNamara’s philosophy. Numbers was everything; individuals, developing true leaders, encouraging invention was

nothing. Statistical juggling, akin to that done by insurance companies, the creation of the Venetian oligarchy, was the measure of reality. As McNamara later said, "Iacocca was worth his weight in gold."

Just the opposite of the Model T, a car that Ford designed for ruggedness and many uses, the new cars were tailored to absorb a chunk of Mr. Everyman's paycheck. Style was first and foremost geared to getting the signature on the monthly payment contract. While these cars, beginning with the Ford Falcon and GM's Corvair, were meant to extract the most money for the least product, there was a more sinister motive for the new small cars. Americans had come to expect a "family car," one that would hold the parents and children.

Population control agents like Robert McNamara were appalled at the baby boom and the cultural optimism that such family formation implied immediately after World War II. Small cars made packing the family in the family car uncomfortable, but more, the cult of the small cars kept the young couples thinking young—thinking non-family. The longer a couple put off children, the fewer children.

McNamara's best known "population control" operation was his running of the Vietnam War. Lido learned those lessons well. In a bargaining session with the Ford UAW, Lido leaned over the table to Hank Wilson, then head of the UAW at Dearborn Assembly and philosophized: "Just remember, Hank, you can't look at employees as people. They're just numbers and productivity."

### The presidential race begins

The new small car, designed not to weigh over 2,500 pounds (half the normal car weight), not be longer than 15 feet and, above all, not cost more than \$2,500. The car hit the infantile "sporty" fantasy in the public and twanged their urgent desire, after the deep 1957-59 economic collapse, to have something "new."

Lido was the cover story of the Mussolini-supporting Luce family press. *Time's* cover splashed Lido riding the hood of a Mustang with the title, "Ford's Young One." The rhetoric was what you would expect: "At 39, after 17 years in the auto business, this tall, rugged son of Italian immigrant parents is the hottest young man in Detroit, and probably the most ingenious automotive merchandising expert since GM's hard-selling Harlow Curtice."

Three days later Lido is *Newsweek's* cover story.

This 20-year media campaign has been so successful that a poll taken by *Metropolitan Detroit* magazine in August found that 92% of those called knew the Iacocca name, although less than a quarter could identify any policy he was connected with.

After his next car, the Pinto, the *New York Times* gave him a cover story article in its widely distributed Magazine Section. It begins, "Iacocca. A giant in a city and in an industry that have had many giants. . . ." Lido's 1970 "new car," the Pinto, designed once again for the same market—those who want something new, shiny and sporty but can't

afford the time payments above a sticker price of \$2,000. Lido pledges to push 400,000 of these in the first year—and succeeds, to the woe of the nation.

Never in the industry's history was a more murderous car built. The Pinto contained a motor designed to wear out at 50,000 miles, a quarter the life of Japanese imports. It also contained a design flaw, dictated by "style" and cost-cutting that killed. The gas tank on this low-slung model was mounted behind the rear axle instead of over it. When struck from the rear even at quite low speeds, the thin metal skin crumpled like tin foil, pinching the gas tank between the rear vehicle and the Pinto's axle. Passengers trapped in the tiny passenger compartment by the impact, were incinerated by the exploding gas tank.

The most notorious of such collisions occurred in August 1978, when three teenage Ohio girls were incinerated after being hit by a van that sustained little front-end damage. The girls, including owner Judy Ulrich, were Lido's ideal market. Judy's dad had bought the car as a gift on her high school graduation.

In a subsequent criminal trial, Ford attorneys argued that the car was not much worse than other sub-compacts and that adding an \$11 sheet metal fire shield in the car would not be "cost effective." In grotesque McNamara logic, the company assigned \$200,000 as the "cost" of a victim's death and \$67,000 as the "cost" of a victim's injury, proving that the \$11 per vehicle shield cost more than the deaths. The body counts aren't complete; many of the two million Pintos are still on the road.

### Preparing the nation for austerity

Now an established success in the McNamara mold, Lido is moved into the "successful man speaks on the issues" spotlight. The oligarchy's issue was "inflation" and Lido takes the stump as the tough cop for President Nixon's Phase 1,2,3 austerity program. On Aug. 15, 1971, in a move to unhinge the world monetary system, Paul Volcker, then Undersecretary of the Treasury, convinced President Nixon to de-couple the American dollar from gold, and institute a progressively tighter three-phase austerity program against labor. By government fiat, all labor contracts were trimmed to the austerity guidelines.

Lido was unsatisfied. To a business audience Lido thundered on Nov. 4, 1971, "There will have to be some heavy-handed edicts laid down if Phase 2 is going to work." He demanded the canceling of the 1970 Ford contract which gave employees a 3% wage increase and a cost of living escalator. The issue wasn't the opportunity to take back some wages, although that was not undesirable. Lido was leading the charge to make the U.S. government the oligarch's instrument of controlling business and labor.

When, but in time of war, does the government assume emergency powers to regulate and supersede private contracts, such as trade union agreements? The Vietnam War did not require such regulation, so a plausible emergency had to

be created.

Lido was the spokesman. "Inflation May Doom Nixon" he declared from Detroit on Jan. 18, 1971. Few of America's press failed to give prominent coverage. The oligarchs' phoney "war on inflation" was on, a war against the American economy which was to be viciously intensified when in 1979, under Paul Volcker, the Federal Reserve Bank's powers were used to create a usury never before seen in the nation, even during the Civil War.

While Paul Volcker proceeded to put the American economy through a drubbing worse than the 1973 and 1979 oil hoaxes, the next round of "emergency powers" control of the economy was under way. Lido was brought in, by the controller of the Rockefeller estate, J. Richardson Dillworth, and the crony of the grain cartel families, Manufacturers Hanover Bank chairman Gabriel Hauge.

Lido was never, as the cover story goes, "fired" by Henry Ford in July 1978. Henry II may be an irascible degenerate, but he never controlled the company. He was a figurehead from the day he was installed by the coup against his grandfather by John Bugas, the former station chief of the FBI in Detroit, and the McNamara group known as the "Quiz Kids." Lido was being shifted to a special operation at Chrysler, a Phase 4 of the Volcker-Nixon austerity.

When Lido was installed at Chrysler in November 1978, the corporation had long been in the hands of cost accountants. Lyn Townsend, an accountant from Touche Ross, had been at the helm of Chrysler for a decade. Derisively known as the "bean counter," for his 3 by 5 index card which he carried in his wallet, listing auto shipments scheduled for the month, the day, and the cumulative for the month to date, Townsend slashed costs, engineering, and employees while "pushing" as many units as he could. Any bookkeeping trick was used to report cars sold, profits were borrowed from the next quarter for the current one and from the next year for the present. Tens of thousands of cars littered storage lots. Possibly, Townsend had driven the company to edge of bankruptcy—to perpetrate the great Chrysler bailout and recovery hoax.

It worked like this: Using the emergency of the world's tenth largest industrial company going bankrupt, all companies, governments and individuals would be called in and told to make sacrifices. The federal government would act the enforcer, issuing loan guarantees against the "givebacks" the victims were laying on the table.

This was not a case of bankruptcy where the court gives a business protection from the claims of creditors. This was merely using the threat of bankruptcy to squeeze the hundreds of thousands of workers, vendors, small banks, local and state governments, foreign governments, to shell out. The media would broadcast the "lesson": Through pain and sacrifice, success would come. In the fascist lexicon, through purging the population in war, eliminating the elderly, feeble, insane, and politically and racially unwanted, the nation emerges strong and united.

The prolonged "debate" in Congress was a total sham. The ultimate result, the Chrysler Loan Guarantee Board, was virtually identical to the plan put forth at the May 1979 Chrysler stockholders annual meeting by Felix Rohatyn, of the Lazard Freres bank in New York. The second major participant was Manufacturers Hanover's Gabriel Hauge, the man who put Lido into the Chrysler chairmanship.

Rohatyn already had a big "success" in his resumé, having destroyed the government of New York City by first inducing its bankruptcy. He then marched in with a creditor's committee (the Municipal Assistance Corporation) and got complete control of local finances—with federal guarantees. The plan to use an international corporation was even more ambitious. Anyone linked to the company, in the U.S. or in the many foreign nations, was expected to bow to Rohatyn's dictates.

Labor was told that even though the company was not in bankruptcy, their contract was being scrapped—and much worse, with over \$1.5 billion in wage losses, not counting those 100,000 permanently laid off—at the whim of the company, acting on behalf of its banking creditors and with the mandate of the United States government.

Vendors were forced to negotiate bills owed them from Chrysler, forced to take extensive non-payment periods, forced to accept price reductions on their products sold to Chrysler, and forced to extend loans to the company. In all this they had no recourse to law to compel payment of bona fide bills as they would with any non-bankrupt corporation. If the company were bankrupt, the vendors would have had legal recourse, if not full reimbursement.

Local governments were similarly stripped of their legal rights to assess and collect tax revenues. The company merely asked how much taxes the locality was prepared to give and negotiated from there. The locality's right to assess and collect taxes, with taxpayer right of legal appeal of the assessments, was destroyed.

Oligarchical financial control of government, business, labor, and agriculture is fascism, and America took a giant step in this direction with the Rohatyn-Hauge Chrysler bailout. Though imposition of fascist corporatism was the primary objective, there was nothing wrong with making a little money in the process. After the 100,000 layoffs, the remaining 90,000 workers shelled out over \$1.5 billion in wages and benefits. The vendors not directly and indirectly bankrupted by the "bailout" came up with tens of millions, while the losses to Federal, local and state governments tallied in the hundreds of millions. Even Chrysler dealers antied up \$80 million.

The creditor banks were "forced" to take \$800 million in Chrysler preferred stock. Most of the 400 banks were smaller and suffered from the long wait for the stock to appreciate after the company's "recovery." The larger banks, including Hauge's Manufacturers Hanover, could afford to wait and gained handsomely from the profit figures that Lido puffed at quarterly press conferences.