

# Lee Iacocca uses the Statue of Liberty to aim for the presidency

by Stephen Pepper

Five Democratic party activists tied to the discredited Carter administration and the Democratic National Committee have announced the organization of a political action committee to draft Lee Iacocca for President in 1988. The chairman of the committee is State Rep. Richard Fitzpatrick of Battle Creek, Michigan, but the real mover is Greg Schneiders, a top aide to former President Carter who in 1984 joined the ill-fated John Glenn campaign.

In its press statement, the Committee said, "We firmly believe that Lee Iacocca is the man of the hour for America. Few Americans in or out of politics have demonstrated the capacity for leadership, effectiveness, and inspiration that he has."

At least, that is what Iacocca's own publicity operation wants you to believe—and make no mistake, this draft committee is a carefully controlled trial by that machine. Then, there is the truth.

"Lee Iacocca is the Jesse Jackson of Corporate America." This description, offered by someone who has observed the man at close quarters, refers to the myth on Chrysler Corp. chairman Iacocca churned out by one of the most active public relations operations in the world. According to its Iacocca legend, he is a street-wise, cigar-chomping, rugged individual, who has somehow succeeded in surviving the hostility of the corporate world, to come out on top, a fighter who has achieved the status of folk hero.

In fact, Iacocca is a fast-talking hustler, who, backed by Robert McNamara, won over his competition at the Ford Motor Co. because he was prepared to do anything to increase the company's short-term balance sheet at the expense of its long-term viability. When Henry Ford II, who has rightly earned the title of the First Failure of American business, could stand it no longer, Iacocca was shifted to Chrysler, where he was part of the biggest bail-out in American financial history up to that time. There, he exceeded even his career at Ford as an asset-stripper (see *EIR*, Sept. 6, 1985).

However, recently Iacocca's career has taken a new and decisive turn. In 1981, he engineered his appointment to head a special federal commission charged with the responsibility of coordinating all private fundraising activities on behalf of

the approaching centennial of the Statue of Liberty, the week of July 4, 1986, and the opening of Ellis Island in 1989. From the very beginning, Iacocca and his friends realized that this commission could be a stepping stone to the presidency. With a ruthless single-mindedness that is Iacocca's only attribute, he muscled his way into control of the entire fund-raising and promotional activity surrounding the most-hyped event of recent memory.

The story of the Statue of Liberty-Ellis Island Commission, and Iacocca's front group, the Statue of Liberty-Ellis Island Foundation, is a story of massive corrupt practices, extensive and obvious conflicts-of-interest, and the subordination of the entire project to the extraordinary ambitions of one man.

Entwined with this is the fact that the actual restoration of the Statue, according to some professionals, is a botched job. The atmosphere of corruption and sensationalism which Iacocca introduced, contributed to incompetent decisions in the area of conservation. For example: a brand new torch to be covered by gold-leaf, which not only changes significantly the appearance of the monument, but uses a material that scratches very easily.

Buried under these stories is the history and importance of the original monument, whose name, Liberty Enlightening the World, expresses the republican spirit in which it was conceived. It is this precious heritage which is well on the way to being lost forever.

## Conflict of interest

From the very beginning, Iacocca built an independent political machine on the basis of the fundraising for the centennials. It now consists of a fund in excess of \$250 million, with a target that he himself has set at \$400 million, a fund-raising list of 25 million names, and a hyperactive PR and advertising apparatus devoted to the selling of Lee Iacocca. No political party or private political action committee even begins to approach this operation, including the religious right, the trade-unions, etc.

Iacocca has ridden roughshod over all opposition thrown up against him, including the Parks Department, the Interior

Department, committees of Congress, the General Accounting Office, and the President of the United States. No amount of muckraking reportage on his fundraising, the misuses of the money, the commercialization of the affair, or his own self-aggrandizement is going to stop him now. The only thing that will do that is an in-depth investigation of potential criminal charges arising from his blatant conflict-of-interest activities.

Toward the end of 1981, an executive of the Parks Service was asked to organize an umbrella group on behalf of the federal government to bring to bear private funds on two major projects: the restoration of the Statue of Liberty by 1986, and of Ellis Island by 1989. This commission was formed in the spring of 1982. From several sources, Iacocca's name was suggested "because he was eager for the job," and he was appointed.

But unbeknownst to officials in the government, Iacocca was the power behind a separate, private foundation called the Statue of Liberty and Ellis Island Foundation, a name designed to create maximum confusion with the official organization. The foundation was the brainchild of Richard Rovsek, Iacocca's top PR man. About the time that Iacocca got his hands on the federal commission, Rovsek was hired by the Foundation at \$60,000 a month. The head of the foundation was one John Morrissey, who was an executive of Kenyon and Eckhardt, a Manhattan advertising firm used by Iacocca. Finally, John Burgee, the partner of Philip Johnson in their architectural firm, and an executive of the foundation, was immediately hired by Iacocca to head up the committee of the commission to review plans for Ellis Island.

During the entire course of their activity with the commission, Iacocca and Burgee have pursued their plan for Ellis Island, which mainly consisted of turning the place into an Atlantic City sans casinos by tearing down at least half of the surviving buildings and replacing them with hotels and false-front fast-food stands.

Iacocca's plans for the commercialization of Ellis Island preceded his involvement with the commission. He had first wanted to put in a plan to develop hotels, but had failed to submit his bid in time. He has even put it out—and the *New York Times* has dutifully reported—that he has offered to buy Ellis Island, a clear impossibility. But he does act as if he owns the island.

Iacocca had taken over the commission by the end of 1982, by the simple expedient of having his own people in key places, and thereby transferred effective decision making to the private foundation, rubber stamping its decisions through the official commission. He ignored the existence of a highly qualified group acting as a temporary advisory board on the Ellis Island project, and instead appointed Burgee, then heading the foundation, to head a new committee to resolve plans for the Island. This conflict of interest came to a head in a stormy meeting in June 1983, when Iacocca stomped out of the commission meeting during a presentation

of the director of the Parks Service, the federal representative to the commission. He turned to someone present and shouted, "I don't want to hear anything more about this Parks Service sh\*t. . . ." Burgee in turn threatened this same individual, "Son, you'll never practise architecture again."

This gives a pretty fair idea of Iacocca's style. He works on the principle, "Every man has his price, and those who can't be bought, can be intimidated. . . ." It is widely reputed that he had bought an official high up in the Interior Department who prevented any action against him until very late in the day. It wasn't until February 1986 that Secretary Hodel decided that he had to move against Iacocca, and then, only because Iacocca, unbelievably, was using conflict-of-interest charges to remove the few individuals left representing the Secretary and the federal government in the commission. Hodel asked for Iacocca's resignation from the commission. However, the initiative was left in Iacocca's hands, who then held a press conference to embarrass the President of the United States.

In 1985, Rep. Bruce Vento's (DFL-Minn.) tee of the Interior Committee on National Parks and Recreation called on the General Accounting Office to audit the Iacocca foundation's books. Several months later, Vento announced just before the close of the hearings that the GAO had found nothing out of order in the audit. But the following day at the final public hearing, the GAO representative stated that no audit was ever performed!

Likewise on the charge of conflict of interest, the GAO stated that the foundation itself had simply submitted a report denying any such conflict, and that this had satisfied the GAO on this point. There has not been a word from Vento or the subcommittee members. They have been described as "cowering in their boots."

One close observer when called to testify before the GAO investigation team brought up the issue of Iacocca's use of the foundation as a base to run for political office. The chief of the investigation, Vince Grimaldo, replied, "What of it? I intend to be the first man to vote for him."

Iacocca got rid of the original French-American group engaged by the Parks Service to develop the restoration of the Statue, giving them a payoff of some \$4 million, at least \$500,000 of which could not be accounted for, despite the fact that an audit team headed by George White, architect of the Capitol, went over to examine the French team's invoices. It was concluded that Iacocca had authorized a payoff of \$500,000 to the chief of the French organization, Valery Radot. Following the investigation, Iacocca complained that the Frenchmen were taking payoffs.

spent to ship the new torch to Los Angeles (and back) could be used in the Rose Bowl Parade, of which Iacocca was marshal. The contract went in part to the father-in-law of Iacocca's biographer, William Novack. Of the money raised so far, exactly \$31 million has gone toward restoration, and at least \$60 million to the expenses of the foundation.