

Since 1996, Bloomberg Press has published books for financial professionals, as well as books of general interest in investing, economics, current affairs, and policy affecting investors and business people. Titles are written by well-known practitioners, BLOOMBERG NEWS® reporters and columnists, and other leading authorities and journalists. Bloomberg Press books have been translated into more than 20 languages.

For a list of available titles, please visit our Web site at <a href="https://www.wiley.com/go/bloombergpress">www.wiley.com/go/bloombergpress</a>.

## **RECKONING TO REVIVAL**

# **How American Workers Rebuilt an Industry**

**Keith Naughton Bloomberg News** 

WILEY Bloomberg

Cover image: Floto + Warner:OTTO

Copyright © 2014 by Bloomberg L.P. All rights reserved.

Published by John Wiley & Sons, Inc., Hoboken, New Jersey.

This work was previously published by Bloomberg News in 2013 and 2014.

Published simultaneously in Canada.

No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording, scanning, or otherwise, except as permitted under Section 107 or 108 of the 1976 United States Copyright Act, without either the prior written permission of the Publisher, or authorization through payment of the appropriate per-copy fee to the Copyright Clearance Center, Inc., 222 Rosewood Drive, Danvers, MA 01923, (978) 750-8400, fax (978) 646-8600, or on the Web at <a href="www.copyright.com">www.copyright.com</a>. Requests to the Publisher for permission should be addressed to the Permissions Department, John Wiley & Sons, Inc., 111 River Street, Hoboken, NJ 07030, (201) 748-6011, fax (201) 748-6008, or online at <a href="http://www.wiley.com/go/permissions">http://www.wiley.com/go/permissions</a>.

Limit of Liability/Disclaimer of Warranty: While the publisher and author have used their best efforts in preparing this book, they make no representations or warranties with respect to the accuracy or completeness of the contents of this book and specifically disclaim any implied warranties of merchantability or fitness for a particular purpose. No warranty may be created or extended by sales representatives or written sales materials. The advice and strategies contained herein may not be suitable for your situation. You should consult with a professional where appropriate. Neither the publisher nor author shall be liable for any loss of profit or any other commercial damages, including but not limited to special, incidental, consequential, or other damages.

For general information on our other products and services or for technical support, please contact our Customer Care Department within the United States at (800) 762-2974, outside the United States at (317) 572-3993 or fax (317) 572-4002.

Wiley publishes in a variety of print and electronic formats and by print-on-demand. Some material included with standard print versions of this book may not be included in e-books or in print-on-demand. If this book refers to media such as a CD or DVD that is not included in the version you purchased, you may download this material at <a href="http://booksupport.wiley.com">http://booksupport.wiley.com</a>. For more information about Wiley products, visit <a href="http://www.wiley.com">www.wiley.com</a>.

#### Library of Congress Cataloging-in-Publication Data:

ISBN 978-1-118-93657-3 (ePDF)

ISBN 978-1-118-93656-6 (ePub)

ISBN 978-1-119-04673-8 (e-eMobi)

ISBN 978-1-119-04674-5 (e-ePub)

### **CONTENTS**

Introduction: How U.S. Workers Rebuilt an Industry

Chapter 1: Buckle Up

Chapter 2: Off-Road

**Chapter 3: Recalculating** 

**Chapter 4: Rearview** 

**Chapter 5: Done Dealership** 

Chapter 6: Idling

**Chapter 7: Recall** 

**Chapter 8: Trim** 

Chapter 9: High Gear

**Chapter 10: Differential** 

**Chapter 11: Ignition** 

Post-Crash Site

<u>Index</u>

End User License Agreement

### **List of Illustrations**

#### **Introduction**

Detroit Three gains outpace industry.

The standout car fueling Ford's comeback.

#### Chapter 1

<u>Inside the Jefferson North assembly plant.</u>

Robert Lutz, former president of Chrysler, in 1998.

Chrysler Corporation Chairman Lee Iacocca, right, hands a "personal note" to Treasury Secretary

Donald Regan, Wednesday, July 13, 1983, in

Washington, after announcing that his company would pay off the last installment of \$1.2 billion in federally guaranteed loans seven years early.

U.S. market share by company.

#### Chapter 2

Ralph Gilles, Chrysler's chief designer.

#### Chapter 3

Sergio Marchionne, CEO of Fiat-Chrysler

Tom LaSorda, vice chairman and president of Chrysler LLC, right, and Chrysler CEO Bob Nardelli, left, at Chrysler's headquarters in Auburn Hills, Michigan, in September 2008.

Growth in truck sales a boon for Detroit.

#### Chapter 4

<u>Former Michigan Governor Jim Blanchard at a press</u> conference on May 31, 2008, in Washington, DC.

Senator William Proxmire (D-Wis), left, shakes hands with Lee A. Iacocca, chairman and CEO of Chrysler Corp., at the start of a Senate finance committee hearing in Washington, Thursday, November 15, 1979.

<u>Jeep Grand Cherokee sales.</u>

#### Chapter 5

New Chrysler vehicles are driven off for distribution to dealerships.

A banner inside Chrysler's Jefferson North Jeep Plant.

#### U.S. auto returns to profitability.

#### Chapter 6

<u>Chrysler-Jeep assembly line at the Jefferson North plant.</u>

#### Chapter 7

<u>Chrysler North Jefferson facility in Detroit.</u>

<u>Assembly line in Chrysler North Jefferson facility.</u>

#### Chapter 8

Richard Owusu

Boarded-up, abandoned homes line the streets near the Jefferson North facility in Detroit.

Fewer people, empty homes.

Percentage of residents with manufacturing jobs.

Percentage of homes that are vacant.

#### Chapter 9

Jason Ryska, plant manager at Jefferson North Detroit Three shrink gap in U.S. sedan market.

#### Chapter 10

Tyyonna Clark, factory worker at Jefferson North

<u>Tyyonna Clark's mother, Torry Tucker, also works at the Jefferson North plant.</u>

How Chrysler saved the last auto plant

#### Chapter 11

<u>Skeletons of Jeep Grand Cherokees awaiting painting and assembly at Chrysler's Jefferson North Assembly Plant.</u>

A worker on the assembly line in the body shop at Chrysler's Jefferson North Assembly Plant.

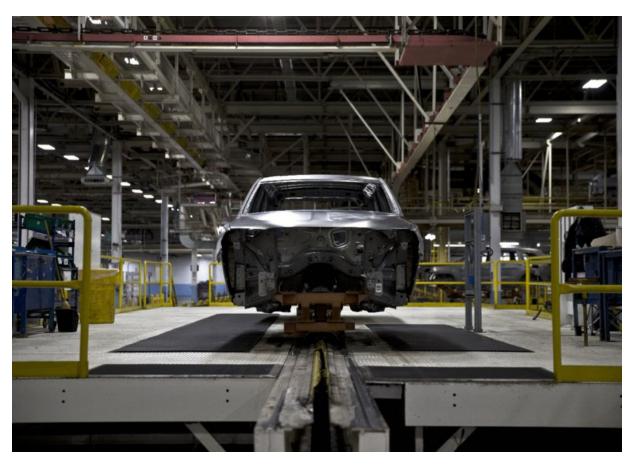
#### Post-Crash Site

President Barack Obama greets auto workers during his visit to the Jefferson North Chrysler plant in Detroit, Friday, July 30, 2010, where the Jeep Grand Cherokee is assembled.

Sergio Marchionne, chief executive officer of Chrysler LLC, speaks to the media following an event to celebrate the production launch of the 2011 Jeep Grand Cherokee at Jefferson North Assembly Plant on Friday, May 21, 2010.

<u>Top-selling vehicles in the United States in 2013.</u>
<u>A shrinking city.</u>

# INTRODUCTION How U.S. Workers Rebuilt an Industry



Photograph by Christopher Morris/VII for **Bloomberg.com**.

In June 2009, the last auto plant in Detroit was idle, mausoleum-quiet, and a symbol of failure. Weeds had grown three feet tall around Chrysler's sprawling Jeep factory at the desolate crossroads of Jefferson and Conner as the company went dark during bankruptcy. Among the bills the near-dead automaker couldn't afford to pay: lawn service.

Yet on one Monday morning came the drone of lawnmowers and the buzz of weed-whackers—sounds of rebirth. Chrysler was emerging from Chapter 11 and something

had to be done about the eyesore the plant had become. So, before reopening this important factory, a small band of bosses and workers loaded their own mowers into their cars and trucks, drove them to the plant, and began to clear a path for returning employees. "You know we're bankrupt," the plant manager, Richard Owusu, exhorted the group in his charming Ghana accent, "but let's not *look* like we're bankrupt."

Seventeen years earlier, when Chrysler opened its Jefferson North plant, prosperity was all anyone could see. The factory had been designed to produce a single model: the new Jeep Grand Cherokee. Chrysler Corp., which a few years earlier had acquired the Jeep line in its buyout of American Motors Corp., scrapped AMC's plan to produce a rough-and-ready Jeep in the tradition of the World War II runabout. Instead, it designed a refined four-wheel-drive model with an opulent interior and a powerful V-8 engine. Chairman Lee Iacocca dubbed it the Grand Cherokee, following the nomenclature he'd used to name the Dodge Grand Caravan minivan. And he indelicately boasted of the "ghetto factory" Chrysler built to manufacture it.