

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

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

Paul Ingrassia

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"A fascinating inside look at how ego and hubris destroyed an industry . . . a gripping, riveting must-read."
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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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Paul Ingrassia : Crash Course: The American Automobile Industry's Road from Glory to Disaster before purchasing it in order to gauge whether or not it would be worth my time, and all praised Crash Course: The American Automobile Industry's Road from Glory to Disaster:

4 of 4 people found the following review helpful. If you live or grew up in Michigan - this is a must read By Shawn, ILI normally don't write my opinions of books; everyone has their own personal tastes. I grew up in Milford, Mi, home of the GM Proving Grounds. Like so many others around me during those days, their lives were directly related to the

Big Three. "As goes GM, so goes America" we used to hear when we were younger. This is not a book written from a particular political point of view. It is an excellent documentary / historical account of what has gone on in the Motor City and the entire auto industry over the past 50+ years. The growth years, the Corvair, the muscle cars, the foreign invasion, the gas crisis, Pinto and Vega, strikes, revivals, the Saturn experiment, etc. It's all here in chronological order. It runs right up to the first year after the bankruptcy of GM Chrysler. Very timely! It was very hard to put it down at night. There were so many times I found myself saying, "Oh yeah, I remember that!" This is the fifth book in a row I've read about Detroit and the auto industry. Definitely Top Two! I must admit Ben Hamper's "Rivertown: Tales From the Assembly Line" was laugh out loud funny, (yet reading it you knew that these were some of the quintessential reasons for the collapse) and if you didn't laugh while reading it, then you didn't grow up in Michigan! If you follow the auto industry, grew up in a town that heavily depended on an auto plant, had family members or friends affected by what "this thing of ours" in Detroit was and what it is now, this book explains a lot. The author takes EVERYONE to task and also points out the good times and the good things that happened as well. Very fair and balanced and an easy read too. 9 of 10 people found the following review helpful. An excellent history of the auto industry and its troubles. By Michael T Kennedy I have to say that there are other excellent reviews posted here and I enjoyed reading them. I will just make a few points. The Big Three dominated the era after World War II when most of the rest of the world's industry was prostrate with war damage. They had the field to themselves. A similar story is the US healthcare system which has become a sluggish monolith with no compunction about seeking government help when necessary. The unions and the GM management, in particular, colluded (although that is probably too strong a word) to keep each other happy. The UAW did not strike and the GM management gave them what they wanted. The only party who was left out was the car buyer. The Big Three concentrated on style and ignored quality. I'm old enough to remember when nobody expected a car to last more than three years. Many people bought a new car every year. Before you turn pale at the thought of the expense, be aware that I bought my second new car in 1968, a red Mustang convertible, for \$3050. I paid \$50 down and signed a contract for \$95 a month at my credit union. In three years, the car was paid for. My first new car was a Volkswagen bus, bought with money from my father and it cost \$1700 in 1965. The Mustang was our second car. By that time I was a resident physician on the grand salary of \$1500 per month. It's not clear if the short life span of those cars was an example of planned obsolescence or if the union just built crummy cars that looked good. I drove that Mustang for four years and sold it. I wish I hadn't because they are classics now. Ford had another problem. In the 1970s, in a story not well covered in the book, Ford was taken over by the financial people. The men who made cars, from design to the shop floor, were relegated to a back seat. Many large companies did the same thing, maybe to cope with the Carter inflation or the deep recession that followed the painful medicine to stop inflation. It ruined some of them for a while. One was Xerox. Then came the Japanese car makers. It is an interesting story how the Japanese had to respond to government attempts to prop up the US auto industry and hold the Japanese back. Each step the Japanese were forced to take made them more formidable competitors. It was punitive import duties that drove them to build factories in the US. They found that the newly energetic South was eager for the jobs so they located there. They expected to be unionized but found they had settled in a part of the country that was not pro-union. This story is very well told in the book. When GM started the Saturn to compete with the imports on quality, they built a plant in the South, and the UAW chief at the plant happened to be a rare union leader who wanted to adopt new methods and study the Japanese quality circles and other innovations in labor management cooperation. Saturn was sabotaged by both the GM management, who resented the implication that their cars were inferior, and by UAW leaders as the president of the union at that time, Stephen Yokich, was fiercely anti-management and uninterested in innovation. The project failed but shouldn't have. This is the best part of the book. I think the author has given the UAW too much of a pass and soft pedaled the Obama administration's rape of the bond holders. He implies they were predatory hedge funds that thought the GM bonds were a buy because the law places secured creditors first in a bankruptcy. The administration stiffed the bondholders, many of whom turned out to be auto industry pensioners and their pension funds. The effect of that act, a gift to the UAW for their support, will come to hurt bond sales in the future since contract law was violated for political purposes. Countries like Argentina do that, not the US, at least until now. Aside from that quibble the book was excellent. 3 of 3 people found the following review helpful. A Good Book With Some Glaring Errors By D. Bugea This book read much like a novel, in that the plot twists and characters kept this reader engaged. Despite Ingrassia's robust efforts to explain the events leading up to the bankruptcies of Chrysler and General Motors, there are - as others have noted - some factual errors in this book. First, Studebaker did not declare bankruptcy in 1966; rather, Studebaker Corporation exited the automobile business, and in fact is still in business today. The statement that most Japanese cars at the beginning of the 1970s had front-wheel drive is incorrect; almost all Toyota and Datsun (Nissan) cars were rear-wheel drive into the first half of the 1980s. The author repeatedly refers to an SUV made from model years 2007 to 2009 as a "Dodge" Aspen, when it was in fact a Chrysler Aspen. The Dodge version was a car, produced from model years 1976 to 1980. The Saturn SL2 is mentioned as being larger than the SL1. These two models were actually different trim levels of the same automobile; Saturn did not launch a larger, companion model until the L-series appeared in the 2000 model year. Small errors, to be sure, and mostly confined to the part of the book where the author sets up the overture for the reader to engage in the actual tragedy that eventually unfolds.

All in all, an excellent thesis on what happens when corporate leadership and culture stands in the way of making difficult decisions for the long-term viability of a company.

With an updated Afterword by the author. This is the epic saga of the American automobile industry's 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 companies—once proud symbols of prosperity—through 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 administration's stake in Detroit's recovery—Crash Course addresses a critical question: America bailed out GM, but who will bail out America?

"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...* About the Author Formerly the Detroit bureau chief for the *Wall Street Journal*, Paul Ingrassia is a Pulitzer Prize-winning journalist and a former executive of Dow Jones. Patrick Lawlor has recorded over three hundred audiobooks in just about every genre. He has been an Audie Award finalist multiple times and has garnered several AudioFile Earphones Awards, a Publishers Weekly Listen-Up Award, and many Library Journal and Kirkus starred audio reviews. From The Washington Post From The Washington Post's Book World/washingtonpost.com ed by Jonathan Yardley Paul Ingrassia of the *Wall Street Journal*, who covered the American auto industry for a quarter-century and probably knows it as well as any journalist, begins this account of its spectacular collapse by describing something called the "Jobs Bank." No, I'd never heard of it either. It was established by the manufacturers and the United Auto Workers in the 1980s "to provide temporary security for hourly workers on layoff," but "by the 1990s laid-off workers could remain 'bankers,' as they were nicknamed with knowing irony, for an unlimited time, making 95 percent of their wages while not working." This in turn led to "inverse layoffs," wherein "senior workers volunteered to be laid off and thus bumped junior workers back onto the assembly line." Ingrassia asks: "After all, why should a worker with high seniority slave away building cars when workers with lower seniority collected virtually full pay just for sitting around? Such was the logic of Detroit's dysfunction." Indeed, "dysfunction" barely begins to cover it. "Self-destructiveness" or "insanity" would come a lot closer. Yes, by the time the feds finally forced General Motors and Chrysler into bankruptcy last year, most Americans doubtless were aware that the domestic auto business was a mess, but in order to understand just how much of a mess it was -- not to mention how it got that way and how, if at all, it can be cleaned up -- you really need to read "*Crash Course*." Ingrassia is not the most gracious prose stylist on the planet, and his efforts to weave in the stories of a car dealer in Maine and father-and-son autoworkers in Illinois tend to get lost in the bigger picture. But this is a vivid and wholly persuasive depiction of what can happen when "confrontation instead of cooperation" between labor and management becomes the "default mode" of operation. "Hubris and sclerosis had been building for years in Detroit," Ingrassia writes, "in a heedless union and feckless managements." This isn't a story about good guys on one side and bad guys on the other, because for decades there was more than enough badness on both sides -- arrogance, incompetence, tunnel vision, irresponsibility, selfishness -- to satisfy even the most morbid screenwriter or novelist's desires. Along the way the occasional good guy makes a cameo appearance -- William Clay Ford Jr. and Alan Mulally, the man he hired to rescue the family business, being the most notable of recent vintage -- but this is such a rare occurrence you almost want to stand up and

cheer. For three decades after its inception in the early 20th century, the auto industry was a work in progress, with companies starting up and disappearing, gradually sorting themselves into what became mythologized as "the Big Three" -- GM, Chrysler and Ford -- with smaller companies such as Studebaker, Packard and American Motors playing lesser (but in some cases important) roles. Labor relations did not really become a problem until the 1930s, when the combination of the Depression and rising union militancy brought the issue to the fore. Management, to put it charitably, did not meet the challenge well. Though leadership in other industries was intransigent at the time, it was especially so in Detroit, where striking and/or protesting workers were met by security guards or local police who used "tear gas and billy clubs," especially those under the thumb of "Ford's thuggish personnel chief, Harry Bennett," a truly villainous character even by the standards of 1930s Detroit. The result was that once the UAW won recognition and began to organize the labor force, intransigence had calcified on both sides. "The UAW's early battles fostered antipathy toward the car companies that would stay with the union forever," and by the 1970s -- under the bellicose, short-sighted leadership of Leonard Woodcock -- the union "made gains in wages and benefits, but it also single-mindedly emphasized protecting the rights of workers, often without expecting workers to fulfill their responsibilities." A case in point: "When a machine broke down and stopped the assembly line, workers would take an unscheduled break and wait for an electrician or machinist instead of rushing to fix it themselves. Only skilled tradesmen were allowed to repair machinery, even if ordinary workers were capable of doing it -- rules enforced not only by the national contract but also by the separate local contracts at each factory. The electricians or machinists often took their time getting to where they were needed, so that the plant would have to go into overtime to make up for lost production, and everybody would get more money." Management was complicit in this. Managers "understood the problem but deemed giving in to the union to be the path of least resistance -- especially because consumers had to pay up regardless." If you've ever wondered why a Detroit clunker often costs significantly more than a comparable and vastly superior import -- or a car with a foreign nameplate manufactured in the United States -- there's your answer, though it's necessary to throw into the equation the greed, arrogance and complacency of management, which established elaborate, pampered hierarchies and a bureaucracy to serve them that made the Pentagon seem a model of efficiency. At GM there were separate men's rooms for salaried and hourly-wage workers, "part of an apartheid system in which the behavior of white-collar managers constantly sent humiliating reminders to blue-collar workers that said, in effect, 'I'm better than you are.' " While Detroit was bogging itself down in rules and regulations, not to mention pensions and health-care guarantees that gave retirees a lifelong free ride, foreign companies -- especially the Japanese -- were showing how to make cars that not merely were significantly better but were more responsive to rising environmental concerns and could go years between trips to the repair shop. Not only that, once they started manufacturing in the United States, they proved that American workers were entirely capable of responding positively to management that welcomed their ideas about improving assembly-line efficiency and even treated them like adults. Detroit's answer to all this? The SUV, the pickup and, most egregious of all, the Hummer, all of them road-hogging gas guzzlers, each of them "the perfect complement to a Patagonia windbreaker: a fashion statement, the sports-car substitute for soccer moms." For a while these monstrosities gave Detroit an adrenalin boost, but that lasted only so long as gas was cheap and the economic bubble was inflated. When gas climbed toward \$4 a gallon and the bubble popped, Detroit self-destructed with extraordinary speed. Ford, which had taken precautionary steps earlier, managed to avoid government rescue and bankruptcy, but GM and Chrysler, after decades as kingpins of the American economy, were humiliated. Many people wondered whether bailouts were the right solution to their problems, but there was surprisingly little schadenfreude. The companies may have deserved to go down, but few people wanted them to do so. It remains to be seen whether the various efficiencies in which they and the union most reluctantly acquiesced are sufficient to allow their recovery, but all of us have more reason than ever to pray that they make it. After all, now we're their bosses. yardleyj@washpost.com Copyright 2010, The Washington Post. All Rights Reserved.