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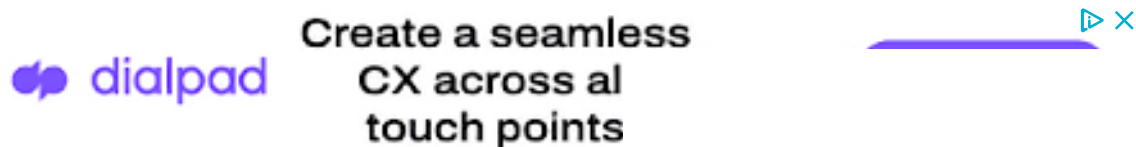
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## New deals: the Chrysler revival and the American system.


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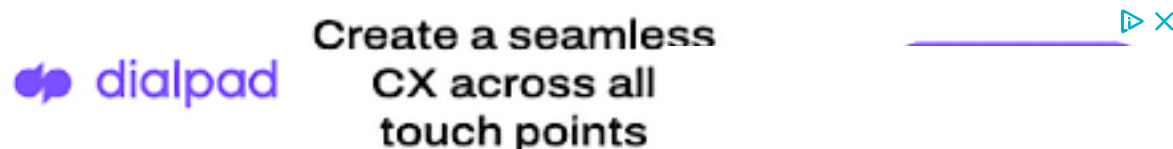
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New Deals: The Chrysler Revival and the American System.

New Deals: The Chrysler Revival and the American System. Robert R. Reich, John D. Donahue. Times Books, \$17.95. At one level, this is an exceptionally detailed, and for the moment definitive, account of the federal rescue of the Chrysler Corporation. On another, and even more interesting level, the book is an attempt by one of the leading Democratic theorists of positive government to explore the reality of a major federal intervention in the marketplace.

The Chrysler story--described in New Deals with a combination of analytic skill, an eye for the telling anecdote and an understanding of detail and personality--is presented in four stages. They are: the deterioration of the number three automaker; the drive to gain federal support; the negotiations with stockholders, management, creditors and unions; and the aftermath of restored profitability. The second and third stages--the legislative process and the tough bargaining that followed--provide the most insight.

The central political strategy behind the Chrysler bailout was to persuade the administration and Congressmen that the legislation was in their self-interest. For Jimmy Carter, the legislation offered a means to try to retain the support of the United Automobile Workers in the face of a seemingly strong 1980 presidential primary challenge from Senator Edward M. Kennedy. For wavering members of the House and Senate, the corporation and its lobbyists put together detailed computer printouts showing, dollar by dollar, the cash flow from Chrysler to every supplier in every town in each district and state. To line up Democrats, Chrysler hired the lobbying firm of Patton, Boggs and Blow; for Republicans it was Timmons and Co. Joseph Ventura, who ran the Italian-American Foundation, backed by Lee Iacocca, put the arm on the 31-member House Italian-American caucus, persuading members to vote as a block for the bill. Even Gloria Steinem was brought into the battle to attempt to persuade prochoice advocate Senator Bob Packwood, although her efforts proved futile.



In the legislative process, two unlikely heroes emerge in the Reich-Donahue scenario: Democratic Senator William Proxmire and Republican Senator John Heinz. Widely thought of as lightweights --Proxmire as a self-indulgent gadfly, Heinz as a rich kid who bought himself a Senate seat--both men played significant roles. Proxmire, chairman of the Banking Committee,

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Powered by **[primis]**tion, so he used his position to ensure a thorough airing of the public liability. Heinz, a politician well experienced in corporate the bailout would not become a government-financed bonanza supposed to be subject to the risks of the marketplace. Heinz like bandits.

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the management of Chrysler was to persuade Iacocca and other ie government regulator recalled, "called congressmen; he even we ever faced.'

eligible in the distribution of suffering throughout a major were the automobile workers. Despite the company's stunning a third than it had been in 1979, Reich and Donahue point out.



y's managers, creditors, and stockholders,' the authors note. and handsomely, for bearing risks . . . What gave was jobs.'

**seized with (something)**

seized with (something)Paralyzed, overcome, or strongly affected by something.I was seized with fear when I saw the shadow of someone lurking in our house.See more... [Go To Article](#)

profit-sharing and union representation on the board--have turn for a 75-cent-an-hour raise in 1982, and the company only to Workers President Douglas Fraser to go to his successor,

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'Many of the participants in Chrysler's revival performed superbly at obligations we owe each other to share the risks, costs, and

ghly political process--like the Chrysler bailout--are not likely to ations,' but instead by political power. The automobile industry tion of the most severe penalties in retrenchment by the least of organized labor. Conversely, the political ascendancy of the late 1970s and early 1980s was reflected not only in the ale, in the adoption of tax policies benefiting the most affluent and working class and the poor.

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