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THE CHANGING IMAGE OF THE CHRYSLER CORPORATION (1979-1980): A
DRAMATISTIC ANALYSIS

The University of Arizona

PH.D. 1985

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THE CHANGING IMAGE OF THE CHRYSLER CORPORATION
(1979-1980): A DRAMATISTIC ANALYSIS

by
Risë Jane Samra

A Dissertation Submitted to the Faculty of the
DEPARTMENT OF SPEECH COMMUNICATION
In Partial Fulfillment of the Requirements
For the Degree of
DOCTOR OF PHILOSOPHY
In the Graduate College
THE UNIVERSITY OF ARIZONA

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THE UNIVERSITY OF ARIZONA
GRADUATE COLLEGE

As members of the Final Examination Committee, we certify that we have read
the dissertation prepared by Risë Jane Samra
entitled The Changing Image of the Chrysler Corporation
(1979-1983): A Dramatistic Analysis

and recommend that it be accepted as fulfilling the dissertation requirement
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College.

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direction and recommend that it be accepted as fulfilling the dissertation
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SIGNED:

Risë J. Samra

Dedication

To my family
Dad, Mom, and Mike
for their fervent prayers,
unconditional love,
and abiding faith in me.

In Memory of Jay William Allen

ACKNOWLEDGMENTS

I wish to acknowledge and thank the members of my dissertation committee: Co-chairmen, Andrew A. King and Henry L. Ewbank, whose friendship I shall always cherish. These men not only imparted knowledge, but have given of their time and directed me toward the appropriate scholarly resources, enabling me to complete my task. My gratitude goes out to the other members of my committee, William E. Bailey, F. David Nott, and David A. Williams, whose classroom instruction stimulated and provoked me into other ways of thinking. Another committee member, Patricia D. Van Metre, warmly encouraged me to explore my communication capabilities not only in the university setting, but in the Tucson community as well. I wish to thank my beautiful friends and colleagues who stood beside me unconditionally as they supported me through this process, Joyce B. Allen, Martha B. Beal, Jeanne E. Clark, Margaret A. Douglas, Roger O. Douglas, Barbara H. Ewbank, Nora S. Kalliel, Cassandra V. Kelso, Barbara A. MacDonald, Patricia M. McNulty, Wanda A. Miller, Lillian H. Montague, and Jane M. Scott.

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ABSTRACT

The economic analysts on Wall Street had all but signed Chrysler's death certificate when Lee Iacocca took the reins of a floundering corporate giant in 1979. At this writing (1985) Chrysler's \$1.2 billion in government backed loans has been paid back seven years ahead of schedule and the company has reported profits well over \$550 million. During Chrysler's recovery, a large public relations and advertising campaign was launched to promote Chrysler's new products and to present consumers with a more positive image of the company. This study was undertaken for two purposes. The first was to examine the changes in the presentation and content of Chrysler's image during the campaign. The second was to undertake a Burkean analysis of the persuasive messages of the campaign in order to assess their motivational structure, ideological perspective and potential effectiveness.

How did the image of the Chrysler Corporation change from the time of the federally approved loan in 1979 to its repayment of loans in 1983? To answer the question, this writer employed a method of Burkean analysis to assess the rhetorical values of the Chrysler-paid media campaign.

Uncontrolled media coverage was also examined, since it constituted a significant part of the rhetorical situation to which the paid media campaign had to respond.

The results were a profile of Chrysler's attempts to gain identification with its constituents. What was the motivational and ideological thrust of the appeals? It was discovered that prior to the federal loan guarantee, Chrysler utilized scenic arguments claiming its own victimage. High energy costs, Japanese imports, runaway inflation, and government regulations were cited as factors contributing to its financial difficulties. After Chrysler successfully repaid its loan, its message was changed to emphasize the Agent: We the New Chrysler Corporation have great leadership and competence and these are the ingredients that led to our success. Chrysler's financial success provided the basis for changing its image from that of a failure to that of a hero.

CHAPTER 1

PROBLEM, METHOD, AND MATERIALS

Background and Justification

Economic analysts on Wall Street had all but signed Chrysler's death certificate when Lee Iacocca took the reins of this floundering corporate giant in 1979. Chrysler had already lost \$460 million. During a three year period, it was destined to lose a record total of \$3.5 billion, the largest in the history of American business (Leo-Arthur Kelmenson, "The Marketing Miracle of Chrysler: How a 'New Partnership' Philosophy Helped Resurrect a Dying Giant," The Journal of Consumer Marketing, Vol. 1, No. 2, 1984, p. 16). The Chrysler product had not responded to the important changes taking place in consumer preference. Chrysler had been fulfilling the American dream by building big luxury cars during the small car revolution in 1979. Furthermore, it had run incentive programs which depleted its inventory of Japanese imports from Mitsubishi. Unfortunately, Chrysler could not get enough small cars to satisfy demand. Consequently, other small foreign imports moved to fill the vacuum.

Chrysler's errors in judgment were compounded by external circumstances. In 1979 the United States experienced the worst inflation since the Civil War. A recession followed. The price of gasoline doubled within four months. President Jimmy Carter considered gas rationing, as long lines formed at the pumps. Interest rates escalated; the GNP grew only modestly; the annual new car sales dropped from 11.1 million in 1978 to 7.7 million in 1982. As in other economic recessions, consumers began to postpone major purchases such as automobiles (Kelmenson, 1984, p. 16).

In the midst of these circumstances, in 1979 Lee Iacocca appealed to the Federal government for a \$1.2 billion loan to bail out Chrysler. After considerable negotiation, much of which dealt with the ethical question of whether the Federal government should come to the financial aid of private enterprise or not, Chrysler was granted not only the amount it requested, but an additional \$.3 billion. Congress had determined that Chrysler needed \$1.5 billion. Chrysler contended that it would use only \$1.2 billion of the loan.

The government-backed loan enabled Chrysler to survive and even to thrive, although in a substantially smaller and leaner version. It grew robust enough to exceed its repayment schedule. On August 15, 1983, at a brief ceremony at the New York Waldorf Astoria, Chrysler Chairman

Lee Iacocca handed a check for \$812,487,500 to Erwin Heard, vice chairman of the U.S. Trust Company, the trustee. The check included \$13,487,500 in interest ("Chrysler Repaid Its Remaining \$800 Million," The Wall Street Journal, Aug. 15, 1983, p. 13). Incredibly, Chrysler's repayment was seven years ahead of schedule and the company even recorded a profit of \$550 million for the year of 1983.

During its adversity, the corporation became more image conscious. Iacocca realized the need to support the sales and marketing of Chrysler products. He hired Kenyon & Eckhardt Advertising of Birmingham, Michigan as the sole agency for Chrysler's car, truck and corporate advertising. Taking on this assignment meant that the agency had to seek new and radical ways to deal with advertising challenges in order to sell cars fast.

The campaign began on a note of dramatic confrontation. Having made the decision that a head-on attack was the best strategy, a crucial question was posed, "Would America be better off without Chrysler?" To answer that question, the "Confidence Ad Series" was launched. The premise of the campaign was that basic worth and latent vitality of Chrysler made it worth saving.

In contrast with Chrysler's paid advertisements, the press came to a different conclusion. Major U.S. newspapers and periodicals--The New York Times, The Wall Street

Journal, the Los Angeles Times, Time Magazine, Newsweek, Fortune, and Forbes--scrutinized the whole idea of the bail-out. The Wall Street Journal, notably, gave the impression that the taxpayer's dollars would be wasted in the effort. The economic reporters who wrote for these newspapers and magazines were generally unsympathetic.

The Problem

This dissertation seeks to explore how the company-designed and the publicly received images of the Chrysler Corporation altered from the time of the federally approved bail-out in 1979 to its repayment of loans in 1983. A Burkean analysis was employed to ascertain changes in image and the attendant changes in rhetorical identification.

Chrysler Corporation's rise from an all but bankrupt organization asking for a government bail-out to a condition of solvency and confidence is one of the great business stories of our era. The intervention of government to save Chrysler remains controversial. The result--a reasonable and modest recovery--is not. Lee Iacocca emerged a nationally renowned figure, and Chrysler, a metaphor for the renewal of American business in the face of foreign competition. Chrysler's public relations campaign to restore consumer and investor confidence was seen to be of key importance in this recovery. This dissertation focused

on the nature and quality of the public relations campaign.

It raised two questions:

1. What were the rhetorical strategies most characteristic of the campaign?
2. How did the appeals alter over time, and what characteristic identifications were routinely attempted?

Method

1. According to Jay Epstein, author of News from Nowhere, news events are fictionalized and assimilated to the aesthetic categories and popular expectations of social drama (Epstein, News from Nowhere, 1974). Events are routinely transformed into stories; people are presented as characters; complex actions are simplified as a matrix of conflict and resolution. Thus, Kenneth Burke's dramatism seems particularly appropriate to an analysis of the media-enacted reality. This method deals with the persuasive appeals of images as well as words. It identifies a philosophical perspective through its use of pentadic ratios, a key element in understanding the compositional processes of the controlled and uncontrolled media presentation and in assessing the kind of rhetorical identifications being made.

2. The impact of these materials upon the public image of Chrysler was not assessed. However, the suppositions Chrysler made about the nature, habits, and value system of its audiences was revealed through the analysis of its rhetorical appeals (identification and divisions).

Materials

This writer utilized the following as primary materials addressing the Chrysler problem: First, automobile advertisements found in newspapers, news magazines, and on radio/television, and second, publications and manuscripts of speeches made by prominent public relations and public affairs people at Chrysler obtained by Chrysler's Public Relations and Public Affairs Department.

Sources classified as both primary and secondary that were used included videotapes loaned by Chrysler's Public Relations Department and publications obtained from Chrysler's advertising agency, Kenyon & Eckhardt.

Other secondary sources were utilized. Publications on advertising campaigns were found in university and public libraries, Public Communication Campaigns by Rice and Paisley (1983); Advocacy Advertising and Large Corporations by S. P. Sethi (1977); and "The Measurement of Corporate Images" by Reuben Cohen, published in The Corporation and Its Publics, John Riley, ed. (1963). Notable books, Going

for Broke by Moritz and Seaman (1981) and Iacocca, An Autobiography (1984) were found in university and public libraries. News articles from major newspapers, The New York Times, The Wall Street Journal, The Washington Post, and the Los Angeles Times were on microfilm in the university and public libraries. Kenneth Burke's work on dramatistic analysis published in A Grammar of Motives (1945) and A Rhetoric of Motives (1950) were obtained from university and public libraries.

Previous Research

Although numerous books written on advertising campaigns exist, no extended scholarly treatment of the Chrysler campaign existed at the time this dissertation was written.

CHAPTER 2

THE RHETORICAL SITUATION: ORIGIN AND DEVELOPMENT OF THE PROBLEM

This chapter deals with four topics: (1) the rise of Chrysler and its maturation into a major corporation, (2) the development of problems and subsequent threat of bankruptcy, (3) the hiring of Lee Iacocca, and (4) the bail-out and the blueprint for regeneration.

The Founding and Rise of Chrysler

There was no automobile industry when Walter Percy Chrysler was born in Wamego, Kansas on April 2, 1875. His father, a passenger train engineer of the old Kansas Pacific Railroad (later the Union Pacific), was his boyhood hero. Chrysler liked to ride over the plains beside his father in the cab, but he liked even better to observe skilled mechanics repairing locomotives at the roundhouse in his hometown. Chrysler was determined to be a machinist. At the age of 17 in 1892, he began his career as a 5 cent-an-hour locomotive wiper at the roundhouse, where he advanced from job to job. In 1911, he was made manager for the American Locomotive Company in Pittsburgh (Current Biography, 1940, p. 173). Because Chrysler had studied

motor car construction, General Motors offered him a job as works manager for Buick cars. Later he became executive vice-president of General Motors. In 1920, he undertook the revitalization of Willys-Overland and Maxwell Companies, which became known as the Chrysler Corporation in 1925 (p. 173). In 1924 he presented the Chrysler car in four models--the "50," "60," "70," and Imperial "80." He sold \$5,000,000 worth of them the first year (p. 173). Speed, acceleration, beauty, and performance won these cars wide acceptance, and in 1927, Chrysler held fifth place in the American automobile industry. In 1928, Chrysler acquired the extensive properties of the Dodge brothers. The new Dodge division, manufacturing automobiles and trucks, increased the Chrysler Corporation more than fivefold and brought it into competition with the industry's leaders, General Motors and Ford.

Despite the Depression of the 1930's, Chrysler management succeeded in carrying the indebtedness incurred by it expansion. Although expenditures were drastically cut, there were no reductions in research and development. Among Chrysler's innovations were rubber-insulated engine mountings, oil filter and air cleaners, and 4-wheel hydraulic brakes. In 1930, as a venture of his own, Walter Chrysler organized, financed and built the Chrysler Building in New York City, second in size to the Empire State

Building. In 1933, he founded the Chrysler Institute for Engineering in Detroit. In 1935, Chrysler left the presidency of the company but retained his chairmanship of the board and remained the corporation's chief executive. On August 18, 1940, at the age of 65, he died of a cerebral hemorrhage (Current Biography, 1940, p. 173).

Since the time of Walter Chrysler's administration, like its competitors, the Chrysler Corporation has been active in the overseas automobile market. Most foreign operations were placed in the control of Chrysler International, S.A., organized in 1958 with headquarters in Geneva, Switzerland. In the same year Chrysler acquired a 25% interest in the French company manufacturing the Simca compact car. By 1963 this interest had been increased to 64%. Chrysler also acquired Farco A.G., a Greek company manufacturing lightweight trucks, and subsequently gained a controlling interest in Roote Motors, Ltd. of Britain.

To complement the imports from Europe, in 1971, Chrysler concluded a joint venture with Japan's Mitsubishi Motor Company, then a subsidiary of Mitsubishi Heavy Industries, which made everything from Nikon cameras to supertankers. In return for purchasing 35 percent of the Japanese automobile company, Chrysler earned the right to import Mitsubishi's subcompact Colt, first sold in early 1970 (the ultimate plan was to sell 120,000 Mitsubishi cars

a year in the United States). The Japanese were eager to negotiate for access to some of Chrysler's technical advances, the American dealership network and Chrysler's investment, which would permit an expansion of their factories. Apparently they believed that Chrysler was willing and able to buy 35 percent of the Japanese company. Chrysler Chairman Lynn Townsend, evidently without advance preparation or study of the situation, traveled to Japan and attempted to speed up negotiations with the Prime Minister and the head of Mitsubishi. It was reported that Townsend was amazed to discover that, although the agreement was nearly completed, Chrysler did not have enough money to cover the project (Moritz and Seaman, Going for Broke, 1981, p. 116). He dispatched another Chrysler official to Japan to explain the embarrassing predicament to Mr. Yoichiro Makita, president of Mitsubishi. Eventually, Chrysler and Mitsubishi smoothed over the trouble publicly. Chrysler then purchased 15 percent of Mitsubishi, deferring purchase of the other 20 percent of the investment, for an undefined period (p. 116).

Even with the purchase of 15 percent of Mitsubishi, Chrysler was not pleased with the idea of producing subcompacts. This attitude was the result of the experience demonstrated by GM and Ford with the Vega and the Pinto, respectively. By the time the Vega was launched, it was 382

pounds heavier and approximately \$200 more expensive than its competitor, the VW Beetle (Moritz and Seaman, 1981, p. 118). It was reported that the car also had a weak aluminum engine and a defective carburetor. "The Pinto had combustible problems of its own" (p. 118). By 1977, the Vega was phased out after GM had manufactured 1.9 million of them. In 1980, Ford dropped the Pinto after 3.4 million of them had been built. Neither company made a profit on these two ventures (p. 118).

Chrysler wanted to market-sell a small car to meet public demand, but it was still searching for additional volume. Meanwhile, it expanded its truck market. Up until this time trucks had been considered the ugly stepdaughters of the automobile industry, condemned to barns, country roads, and construction sites. Four-wheel drive had been a feature provided only by Jeep and International Harvester (Moritz and Seaman, 1981, p. 118). At the turn of the seventies, however, light trucks, especially vans, took on a new spirit. The popularity of trucks and vans first showed up on the West Coast, when they became popular for surfing and beach parties (p. 118). So during the first half of the seventies, Detroit found itself faced with an entirely new opportunity: the individual customer market for trucks.

Within the truck market, the popularity of vans grew at a faster rate than that of pickups (Moritz and Seaman,

1981, p. 118). In 1970, pickups captured 70 percent of the truck market, compared to 56 percent in 1977, while vans grew from 16 percent to 22 percent, Japanese pickups from 3 percent to 10 percent and sports utility vehicles from 5 percent to 7 percent (p. 118).

In 1969, Chrysler had 7.3 percent of the truck market and lost \$25 million on truck sales (Moritz and Seaman, 1981, p. 118). By 1972, it turned a profit of \$100 million on trucks and by 1976, it had 14.6 percent of the market (p. 118).

Compared to investing in an entirely new model of small car, the already developed trucks were cheaper to produce. By 1970, however, Chrysler was running out of money (Moritz and Seaman, 1981, p. 119). The increase in volume, the plethora of models, the new plants and subsidiaries, the aggressive marketing and the thrust overseas required enormous amounts of money. The results were catastrophic.

Chrysler's capital spending fell into two categories: the long-term commitments made for factories and other equipment that would last for more than one model, and the short-term spending for tools, presses and all other pieces needed for a particular year's models. In both areas, Chrysler's spending plummeted (Moritz and Seaman, 1981, p. 120). In the three-year period from 1970-1972,

Chrysler's spending on plant and equipment was \$457 million, compared to \$306 million for 1966 and \$375 million committed in 1969 (p. 120). Spending in 1971 reached the lowest level since 1963, though the company was selling 1.1 million more units (p. 120).

Chrysler's miserable cycle continued between 1973 and 1975. Sales fell; layoffs were ordered; plants were closed; capital spending plans were postponed; and dividends were sliced (Moritz and Seaman, 1981, p. 124). Thus, when the recession started in late 1974, Chrysler found itself faced, once more, with a smaller share of a declining market.

In 1978, Chrysler's share of the American car market had dropped from 12.2 percent to 11.1 percent within a single year. Their share of the truck market had also dropped from 12.9 percent to 11.8 percent. That same year, GM reported record sales of 5.4 million cars; Ford of 2.6 million; Chrysler a distant third of 1.2 million; and other unmentioned car manufacturers accounted for the rest of the American car market (Iacocca, Iacocca, An Autobiography, 1984, p. 158).

To make matters worse, Chrysler had lost 7 percent in owner loyalty. (Car owner loyalty, the buyer's faithfulness to the product, is usually determined by Polk registrations--listings of all vehicles purchased in a given

year--and/or by company surveys). When Iacocca arrived on the scene in 1978, Chrysler's owner loyalty was down to 36 percent. By comparison, Ford was at 53 percent and GM was steady at 70 percent (Iacocca, 1984, p. 158).

Chrysler was having trouble convincing people to consider its products at that time. Iacocca was reported as saying that the research told them that almost two-thirds of the people Chrysler did attract were unhappy with the company. They did not expect to return and buy another Chrysler product (Iacocca, 1984, p. 158).

Another consideration was Chrysler's historic image as an older person's car. In 1978, the median age of the car buyer for Dodge and Plymouth was higher than that of Buick, Oldsmobile, Pontiac, or even Mercury customers (Iacocca, 1984, p. 159). Chrysler's surveys continued to show that Chrysler owners were more likely to be blue-collar, older, less educated, and more concentrated in the northeastern and the midwestern industrial states than those who bought competing brands. According to Iacocca, the demographics made clear that Chrysler products were perceived as staid and a little boring (p. 159).

For the domestic market, the Chrysler Corporation offered a complete line of cars: Valiant, Plymouth, Dart, Dodge, Chrysler, and Imperial, and trucks. Most manufacturing activities are situated in Michigan and Ohio, with

assembly plants and complementary facilities spread here and there throughout the country near densely populated areas.

In March 1979, in an attempt to scramble for money to pay its suppliers, Chrysler performed what Iacocca called "radical surgery" on the company's operations (Iacocca, 1984, pp. 185-186). Chrysler began by closing two of its plants, which included a trim plant in Lyons, Michigan, and the oldest plant, Dodge Main, in Hamtramck, Michigan (p. 186).

Next, Chrysler sold all of the dealership real estate it owned to a Kansas company called ABKO. Included were a couple hundred downtown properties that ensured Chrysler would have its dealers in strategic locations around the country. Chrysler received \$90 million on this transaction. Later, however, to keep dealers where it needed them, Chrysler had to buy back about half of those properties--for twice the price (Iacocca, 1984, p. 187).

The Coming of Iacocca

The coming of Iacocca was a significant event. He was to become the personification of Chrysler, not only in the negotiations with those who provided the financing, but also in the public relations campaigns intended to make the company solvent again.

After the time of Walter Chrysler, the Chief Executive Officer who faced the most difficult financial

challenges was Lee Iacocca. Shortly after Henry Ford's firing of Iacocca on July 13, 1978, Iacocca received a call in August from John Riccardo, the President of Chrysler. Riccardo had in mind an interim job of a chief operating officer role for Iacocca. It would last for two years, with eventual elevation to Chief Executive Officer. Iacocca suggested that two years was too long a transition (Moritz and Seaman, 1981, p. 218). He wanted a job as soon as possible. Since Riccardo was slated to take an early retirement, they compromised at one year, agreeing that in September of 1979, Lee Iacocca would succeed John Riccardo as chief executive officer (Iacocca, 1984, p. 145). Thus, Iacocca joined Chrysler on November 2, 1978, to begin the ten-month period of transition in preparation for the presidency (p. 151). Iacocca knew little about Chrysler when he worked at Ford. In fact, he was quoted as saying:

I barely knew that Chrysler existed. It was GM that we followed and nobody else. We never thought much about Chrysler. Their products didn't even show up on the monthly sales sheets that measured how well our cars were doing against the competition (p. 147).

[Moreover,] if I'd had the slightest idea of what lay ahead for me when I joined Chrysler, I wouldn't have gone over there for all the money in the world (p. 141).

Lido (Lee) Anthony Iacocca, Chrysler's new president, who was said to be "the toughest and shrewdest salesman in Detroit," was born of Italian heritage on

October 15, 1924 in Allentown, Pennsylvania (Current Biography, 1971, p. 206). As a boy, Iacocca attended school in Allentown. A bout with rheumatic fever during his freshman year in high school forced him to give up athletics and to channel his competitive energies into excelling as a student and as a debater. Since the impairments of rheumatic fever exempted him from service in World War II, he began commuting to Lehigh University in Bethlehem, Pennsylvania after graduating from Allentown High School in 1942. Maintaining an A average, he completed his undergraduate studies in three years and was awarded the B.S. degree in industrial engineering in 1945.

After graduation, Iacocca went to Dearborn, Michigan as an executive trainee for the Ford Motor Company, but he soon persuaded the company to grant him a leave of absence so that he could accept a fellowship at Princeton University. There he received a master's degree in mechanical engineering in 1946. Iacocca returned to Dearborn to finish the training program he had temporarily abandoned, accomplishing in nine months what usually takes eighteen months to achieve.

Iacocca's first job assignment was as automatic-transmission engineer in Ford's New Jersey plant, but he soon realized what he wanted was sales, not engineering. Since the company would not give him a sales job, he quit

and sought one on his own. After being turned down at Ford's New York office, it was reported that he succeeded in convincing Charles Beacham, the Eastern district sales manager, to hire him (Current Biography, 1971, p. 206).

For nearly a decade, Iacocca worked in sales and marketing jobs at the Eastern district office in Pennsylvania. There he studied and devised strategies to sell Ford cars and trucks. In 1956, he launched a sales campaign "56 for 56" that urged customers to buy new Fords by paying \$56 a month (Current Biography, 1971, p. 206). The campaign proved so successful in the Philadelphia area that Robert S. McNamara, then general manager of the Ford division, adopted the campaign nationwide and credited it with selling 72,000 extra automobiles (p. 206). As a result, Iacocca was called to the home office in Dearborn, where he became a protégé of McNamara. From then on, Iacocca moved upward in the organization. In 1960, at the age of 36, he was named vice-president and general manager of the Ford division, the heart of the Ford empire (p. 206). There he utilized his marketing genius by introducing big moneymakers for Ford: The Mustang, the Mark III, the Maverick, and the Econoline Truck. In 1970, Iacocca was elected president, answerable only to Henry Ford II, grandson of the founder and chairman of the board.

Over the years, Iacocca exhibited three strengths: an ability to predict customer behavior, a sense of humor (detachment) and a disciplined style of leadership (Moritz and Seaman, 1981, p. 220).

Iacocca's personality contributed to his image. He was prone to drama, short of temper and quick to joke. He was and continues to be a favorite among newspeople because his answers are seldom guarded, so it seems. In more recent years, during his appeal to the federal government for Chrysler's loan guarantees, he was quoted as saying that going to the government for money "gets you in a bureaucratic and political tangle, and I don't like it . . . I detest it" (The Wall Street Journal, Sept. 20, 1979, p. 15). Even some proponents feared these candid remarks could hurt him in Washington. Fortunately, it proved otherwise.

The description by William Furlong is that of a direct, aggressive executive who typically went directly to the heart of any matter:

He is a hard-nosed, direct man who demands the absolute most from his underlings and who has virtually no patience for their delinquencies, however minor: When one of his senior vice presidents was two minutes late for the takeoff of a company plane on one occasion, Iacocca ordered the plane to leave without him. His underlings at Chrysler reacted to the change from 'easy rider' to 'snap-to' leadership in the expected way: Some of them began calling him 'Lee Iyatollah' (Furlong, "Chrysler's Lee Iacocca," Saturday Evening Post, March 1982, p. 72).

On July 13, 1978, after eight years as Ford's President, Henry Ford fired Iacocca (Iacocca, 1984, p. 187). "Ironically, according to his friends, Iacocca always had had a clear understanding that he would never 'head' Ford Motor Company; that he would always be more than a loyal lieutenant who would 'manage' the company" (Moritz and Seaman, 1981, p. 196).

The following are some speculations as to why Ford might have fired Iacocca. One story has it that Ford witnessed Iacocca's prominence growing at an alarming rate and resented what he perceived as Iacocca's own public relations loyalists in the company. Iacocca articulated a different posture: "I wasn't trying to take on the Ford hierarchy. I was always the good boy" (Moritz and Seaman, 1981, p. 198). Moritz and Seaman contend that it was apparent that Philip Caldwell's position of the Office of the Chief Executive, created in 1977, was there to insure that Iacocca would never succeed Henry Ford as chief executive. Following his angina attack in 1976, Ford had become aware of his own mortality and had developed an abiding concern over the matter of succession. He must have determined at some point that Iacocca was not the man to follow him.

In 1975, Ford ordered an internal audit of Iacocca that expanded into a broad investigation of his conduct.

Ford's investigation was thought to be speculative. Nobody knows why he instituted this audit at this particular time. Ford might have suspected Iacocca was conniving with an old personal friend, William Fugazy, who had a strong influence on the Ford Motor Company travel and dealer sales-incentive business. Ford spent \$1.5 million on the probe, and the most that was revealed about Iacocca was a profile of his recreational habits (Moritz and Seaman, 1981, p. 198).

Perhaps the last straw was the Pinto scandal in 1978, which caused an even deeper rift in the relationship between Ford and Iacocca. The explosive-prone subcompact had been linked with two dozen deaths and had drawn more than sixty multi-million-dollar civil lawsuits as well as one celebrated trial held in Winamac, Indiana. Although the National Highway Traffic Safety Administration had forced the recall of 1.4 million Pintos and identically designed Mercury Bobcats, it was never resolved satisfactorily whether Henry Ford or Lee Iacocca--or any Ford executive for that matter--was responsible for the problem. Both men publicly expressed misgivings about the car and concern about evidence that it burst into flames if struck from the rear. Iacocca proposed that Ford install a longer filler pipe for the fuel tank to prevent leakage, after he learned that the existing filler pipe was ripping out on impact, allowing gasoline to spill over the car. He said that

Ford's lawyers dismissed that idea, warning that repair would be tantamount to an admission of guilt. Iacocca was reported to have said, "That's the trouble with lawyers. A businessman's instinct is to cut the losses, solve the image problem immediately. Theirs is to guard some goddam legal principle." Ford's attorneys used questionable courtroom tactics in some of the early civil suits. "When I heard about that," recalled Iacocca, "I said, 'We're in the soup'" (Moritz and Seaman, 1981, p. 200).

Although Ford and Iacocca apparently agreed on the defects in the Pinto, it was Iacocca's proposal that a new car replace the Pinto in 1978 or 1979 which led to disagreement (Moritz and Seaman, 1981, p. 200).

When Iacocca was fired as president of Ford, except for his pension and ownership of more than \$3 million worth of Ford common stock, he broke all ties with what had been until then his only employer (Moritz and Seaman, 1981, p. 218). In September of 1979, Iacocca succeeded Riccardo as chief executive officer of the Chrysler Corporation (Iacocca, 1984, p. 145).

Two months prior to Iacocca's taking office, second-quarter losses of \$20 million were announced. The message became clear. Chrysler was sitting on an inventory of 80,000 cars and trucks as of June 30, 1979--an inventory worth more than \$700 million at market prices, with interest

due daily, and in August, John Riccardo appealed to Congress for an initial proposition of \$1 billion in tax relief (Moritz and Seaman, 1981, p. 260).

When Lee Iacocca took office, he pursued Riccardo's plans for financial aid for Chrysler, only this time Iacocca appealed specifically to the House Committee on Banking, Finance and Urban Affairs. When he took the stand on October 18, 1979, he emphasized that federal help was absolutely necessary immediately before the end of 1979. He outlined how government, pollution and fuel economy standards, the energy crunch, combined with the current economic downturn, had brought Chrysler to its current crisis. He stressed that a Chrysler bankruptcy would hurt not just workers in Detroit and Michigan but two million Americans around the country.

The appeals in the following testimony illustrate a weak argument from circumstance. The main thrust of the argument places the blame on environmental factors and refuses to accept responsibility. Further, it passes from an assessment of impersonal forces to a rather colloquial personal appeal:

We are microcosm of all the things that are wrong; we're just that big. Energy's impacting us, regulation's impacting us, runaway inflation on commodities are impacting us, imports are impacting us. We're a big city (combating) unemployment. That's impacting us. I don't know where to turn. I went all out for this committee. I've done the best

I can. I'm committed to it. I'm gonna turn it around one way or another. I need your assistance now and I need a vote of confidence. What else can I tell ya? (House Committee on Banking, Oct. 18, 1979).

Florida Representative Richard Kelly's response was not atypical of the reaction of most who opposed the bail-out. He characterized the bankruptcy of Chrysler as the inevitable consequence of a foolish policy. He also argued that a bail-out would set a precedent for large-scale government intervention on behalf of sick industries:

I think what you're [Chrysler] doing is trying to wreck this country. The only way we could possibly hope to survive is to compete and for your failure, you should get with what the free enterprise system promises you. It's called, 'loss.' There's a profit side and a loss side and you're on the loss side. And those people out there are not suddenly gonna all commit suicide or quit working because you had mismanaged the company. And if they've overcharged what the labor market can afford to pay and be competitive in the world markets, . . . well, this is all just pure bunk (House Committee on Banking, Oct. 19, 1979).

Michigan Senator Donald Riegle (Republican turned Democrat), also a member of the House Committee on Banking, argued from circumstances in another way. Ironically, in 1971, as a young Republican Congressman, he had voted against aid to Lockheed. Then in 1977, as a Democratic Senator, he became a close friend of the auto industry when he led the Senate fight to relax the Clean Air Act (Moritz and Seaman, 1981, p. 264). Contrary to Kelly's statement, Riegle made pathetic appeals by explaining that a Chrysler

collapse would bring on a depression in Detroit. There would be an economic disaster for the nation and it would be extremely costly for the federal government:

In order to come to grips with the Chrysler issue, we must recognize it is a problem which must be understood and dealt with on two levels: At one level it is the fact that the Chrysler bankruptcy is a massive national problem. It could put 600,000 people out of work, devastate communities, swamp hundreds of supplier organizations, and create economic shock waves that can cost the federal government some \$10 million in the first year alone. And yet on another level, the Chrysler situation is symptomatic of a much bigger national problem: A growing threat to industrial America where Chrysler was the tip of a bigger and more piercing iceberg (House Committee on Banking, Oct. 10, 1979).

On November 1, 1979, President Jimmy Carter asked Congress to grant Chrysler \$1.5 billion in federally guaranteed loans. According to G. William Miller, the Secretary of Treasury, the federal government would guarantee repayment of money loaned to Chrysler, provided that Chrysler obtained the following commitments:

The company must obtain commitments of \$2 billion in non-federally guaranteed assistance from banks, financial institutions, other creditors, dealers, suppliers, employees, state and local governments, and from sale of assets.

In response to Miller's statements, opponents to government action said:

On November 1, 1979, Florida Representative Richard Kelly: "The Chrysler Charity is the most blatant con job of our time."

On November 14, 1979, Wisconsin Senator William Proxmire: "Chrysler is asking Congress to play the role of a deaf and dumb, blind Santa Claus."

On November 15, 1979, Lee Iacocca retorted by telling the House Committee, "Give me the money I need and I'll get the job done. I won't be back."

On December 18, 1979, President Carter told both Houses that it was imperative for the federal government to bail out Chrysler with federal loan guarantees. That day members of the Michigan caucuses buttonholed congressmen as they arrived, while union representatives, including Douglas Fraser, and a team of black ministers added their pleas. Everybody was doing the same thing: campaigning (Moritz and Seaman, 1981, pp. 289-290).

On December 20, 1979, representatives of the House and senate met for the Joint Committee Meeting. What John Riccardo had started in August 1979 had consumed a significant portion of a congressional session and provoked a fierce national debate, but the Joint Conference Committee Meeting marked the final opportunity for legislators to influence the terms of what had grown from a plea for tax relief into the Chrysler Loan Guarantee Act.

On December 21, 1979, Speaker of the House, Tip O'Neill, made the final impassioned plea before the vote was taken in Congress. He recalled the days of the Depression

in Boston when unemployed workers would stand in the morning dark and beg for work shoveling snow. Apparently, the Congressmen were duly moved. They passed the Chrysler Loan Guarantee Bill by a two-for-one margin (271 votes to 136) (Moritz and Seaman, 1981, p. 290). The Senate vote had been much closer, 53 to 44 (Iacocca, 1984, p. 225).

On January 7, 1980, President Carter signed the Chrysler Loan Guarantee Bill into law (Moody's Industrial Manual, 1983, p. 1233).

Despite its obvious weaknesses, Chrysler still had important strengths. Just before John Riccardo retired in the summer of 1979, he made a deal with Mitsubishi for Chrysler operations in Australia. He sold Chrysler's Venezuela operations to GM, and its Brazil and Argentina operations to Volkswagen. He negotiated a deal with Peugeot for Chrysler's European operations, in return for \$230 million and a 15 percent stake in Peugeot, an arrangement that made Peugeot the largest company in Europe. When it was all over, Chrysler had operations in the United States and Mexico, and nowhere else (Iacocca, 1984, pp. 187-188).

In the military field, Chrysler had built approximately 48,000 tanks and related vehicles since 1941 ("Historical Summary," Chrysler Corporation News Relations Offices, June 1983, p. 8). The turbine-powered M1 Abrams

tank was Chrysler's latest combat tank, produced in February 1980 (p. 8).

Chrysler had been the nation's sole developer and producer of combat tanks until it sold its defense operations in 1982 to General Dynamics for \$348 million (Iacocca, 1984, p. 188). The Defense Division had been the one part of Chrysler that was virtually guaranteed its profit of \$50 million a year by the U.S. government, but because the company needed the cash as a buffer to get the suppliers to give them an extension on its payments to them, the transaction was imperative (p. 188).

Chrysler was an early contractor during the missile age, and as the manned flight program began, was instrumental in production of the Redstone missile. A modified Chrysler booster launched the first man into sub-orbital flight. The Saturn S-1B, produced by Chrysler for NASA, sent the Apollo and Skylab astronauts on their earth orbital flights. Another Saturn S-1B served as launch for the U.S./Russian ASY ASTP mission in July 1975 (Historical Summary, 1983, p. 8).

As its space work subsided during the late 1960s, Chrysler began applying space technology to automotive electronics programs. Chrysler boasted that its passenger cars and trucks were the first industry vehicles equipped with the solid state electronic ignition system as standard

equipment (Historical Summary, 1983, p. 9). The digital clock was still another Chrysler development (p. 9).

Today Chrysler makes its own adhesives, rust preventives and other chemical products for both automotive application and commercial (non-automotive) market. For more than 45 years Chrysler has manufactured powdered metal products and the Oilite bearing that was one of their original product lines. Other component operations make automotive instrument panel gauges and interior fabrics. The company's Diversified Operations produce outboard and marine engines in Hartford and Beaver Dam, Wisconsin (1983, p. 8).

Despite the many financial cutbacks that took place, today Chrysler retains many enterprises, and thus it still ranks third among the big American automakers.

Aftermath

Moody's Industrial Manual (1983) detailed the steps taken by Chrysler. In order to fulfill the loan obligations, Chrysler reached agreements with its unions on new contracts that provided concessions of \$462.5 million from the pattern contract set by General Motors Corporation; developed a plan that raised \$125 million in concessions from non-union employees; renegotiated the covenants of most of its loan agreements which it was not complying with at the time of the issuing of the loan.

In the meantime, Chrysler offered for sale to dealers up to \$400 million in subordinate debentures. In other words, Chrysler bondholders were junior to the other general creditors in the exercise of claims against the total assets. Chrysler also disposed of assets while maintaining essential operations. It negotiated for loans, credits and concessions to meet the requirements of the Loan Guarantee Act and sought aid and concessions from state and local governments.

The state of Michigan enacted legislation authorizing loans of \$150 million. The state of Indiana passed legislation permitting loans up to \$39 million. The city of Detroit agreed to provide \$28.7 million. In addition, Delaware passed a law permitting \$5 million in assistance. Other states, where Chrysler plants resided, including New York, Illinois, Alabama, Ohio and Missouri, considered methods of providing assistance (Moody's Industrial Manual, 1983, p. 1233).

To meet the requirements of developing financing and operating plans that demonstrate to the Loan Guarantee Board the ability to continue as a going concern, Chrysler established 22 separate task forces to work with its consultants and representatives of the federal government.

In the meantime, Chrysler agreed to secure adequate interim financing to carry on its operations until the

requirements of the loan were met. As part of the effort, many of the company's suppliers agreed to defer up to 90 days, more than \$175 million in payments which would otherwise have been due in January through March. The company also borrowed \$100 million from PSA Peugeot-Citroen, secured by company-owned 1.8 million shares of PS Peugeot-Citroen stock.

Before issuing loan guarantees, the Chrysler Loan Guarantee Board, established by the legislation authorizing the federal guarantee, determined that: (1) credit was not otherwise available to Chrysler, (2) reasonable assurance of repayment of the loan existed, (3) the loan to be guaranteed bore a reasonable interest rate, (4) Chrysler would continue to comply with the submitted operating plan as revised on an annual basis, and (5) the aggregate amount of non-federally guaranteed commitments and concessions that had accrued to Chrysler were at least equal to the principal amount of guaranteed loans outstanding, taking into account the guarantees being issued.

The Chrysler Corporation Loan Guarantee Act required that loans guaranteed under the Act must be paid in full by December 31, 1990, and that the Board receive security for the loans to be guaranteed at the time the commitment was made. Accordingly, Chrysler and Manufacturers National Bank of Detroit entered into an Indenture of Mortgage and Deed of

Trust whereby substantially all of Chrysler's U.S. assets were subject to lien by the United States government. Major exceptions were: (1) Chrysler's stock in Peugeot S.A., which had been pledged to secure a \$100 million loan from that company, and (2) certain facilities pledged to the states of Michigan, Delaware and Indiana, to secure loans obtained from these states with respect to which the U.S. government had a second lien. Chrysler agreed to maintain a value of collateral available to the United States equal to at least \$214 billion.

The Agreement to Guarantee, which President Carter signed into law in 1979 after its passage in Congress, provided for \$1.5 billion of federal loan guarantees contingent upon the company's obtaining commitments of \$2 million in non-federally guaranteed assistance from third parties. These parties included: banks, financial institutions, other creditors, dealers, suppliers, employees, state and local governments, and from the sale of assets. The Agreement to Guarantee contained numerous affirmative and negative covenants related to net income, working capital, ratio of debt to net worth, and fixed charges coverage covenants. However, the latter three--working capital, ratio of debt to net worth, and fixed charges coverage covenants--did not apply until January 1, 1984 (Moody's Industrial Manual, 1983, p. 1233).

In conclusion, this chapter sought to describe the development of the problem and the responsive actions taken by Iacocca. In addition, a description of the aftermath detailed the steps taken by Chrysler when it had been granted the guaranteed loan. This situation generated the Chrysler advertising campaign and provided the logic for its rhetorical situation.

CHAPTER 3

THE PUBLIC RELATIONS CAMPAIGN: AUDIENCES, MEDIA, AND OPPORTUNITIES

This chapter will discuss the events that led to Chrysler's public relations campaign. It will also discuss demographic and cultural conditions that shaped the logic of Chrysler's rhetorical response. Finally, it will make some assessment of the strength and influence of the criticisms directed at Chrysler by the mass media.

Events

To understand better the nature of the unpaid media criticism, Table 1 comprises a catalog of the major events during the loan and recovery period which will provide a reference point for further discussion.

Demographics: The Key Audiences

The advertising firm of Kenyon & Eckhardt took over the Chrysler account in March 1979. According to them, they identified and placed nine audiences in a hierarchy based on their estimate of relative importance to Chrysler's need for image enhancement. They saw consumers as the audience with the greatest need for attitude change. Therefore, they were

Table 1. Chronology of events.

July 13, 1978	Henry Ford II fires Lee Iacocca from the Ford Motor Company after 36 years of service.
November 2, 1978	Iacocca joins Chrysler as president.
March 2, 1979	Kenyon & Eckhardt Advertising of Birmingham, Michigan resigns its account with Ford and is hired by Chrysler as the sole agency for all Chrysler's car, truck and corporate advertising. Kenyon & Eckhardt replaces Young and Rubican and BBDO advertising agencies.
June 25, 1979	Riccardo makes request for federal financial help.
August 6, 1979	G. William Miller becomes U.S. Secretary of Treasury and proposes loan guarantees for Chrysler's survival.
August 18, 1979	Chrysler offers rebates on cars in an effort to stimulate sales. The slogan "Get a car . . . get a check" is used in radio and television advertising with Joe Garagiola as spokesman. In six weeks 205,000 cars and trucks are sold. Chrysler sales go up 55 percent.
September 20, 1979	Lee Iacocca officially succeeds John Riccardo as chief executive officer of the Chrysler Corporation.
October 26, 1979	Chrysler nominates UAW President Douglas Fraser to its board of directors.
December 20, 1979	Senate approves the Chrysler Guarantee Bill by 53 votes to 44.
December 21, 1979	House approves the Chrysler Guarantee Bill by 271 votes to 136.

Table 1 -- Continued

January 7, 1980	President Carter signs the Chrysler Loan Guarantee Bill into law.
February 2, 1980	UAW ratifies contract concessions to Chrysler.
June 13, 1980	Iacocca confronts the competition--Japanese imports, GM, and Ford--in personal appearance TV ads.
July 22, 1980	Chrysler lays off 1300 hourly and salaried workers as part of trimming operations.
October 2, 1980	Chrysler introduces the "K Car," an economy front-wheel drive, energy efficient compact car. 5,000 cars are sold on K-day. Over 15,000 cars are sold the first week.
April 8, 1982	Chrysler announces a 5/50 three-way protection plan which provides power-train protection, free scheduled maintenance, and outer-body rust-through protection for five years or 50,000 miles.
August 15, 1983	Chrysler repays remaining \$800 million in loans plus interest to the government seven years ahead of schedule.

made number one in the rank-ordered list published in The Journal of Consumer Marketing:

1. Consumers--[potential purchasers of Chrysler products]
2. [The United States] Congress
3. [The] Press--[both print and electronic]
4. Financial Community
5. Dealers
6. Employees
7. Unions--[UAW and others directly involved]
8. Suppliers
9. Communities--[where Chrysler and supplier plants were located] Journal of Consumer Marketing, January 1984, p. 20).

During the actual campaign, a different hierarchy emerged; an emphasis on three audiences: consumers, investors, and Congress--frequented the paid advertising. One audience, the press, specifically the unpaid media, appeared to be scapegoated because of its not-so-favorable view of Chrysler's dilemma. The remaining audiences participated, but were not the strongest contributors.

Characteristics of Paid Media and Unpaid Media Messages

Information about a product, a political candidate or an institution is disseminated to the public through both

paid and unpaid media. Paid media are those controlled by the makers of the product, the political candidate or the institution. Unpaid media are those that have not been hired by these entities and are not under their control.

Advertising provides paid, controlled use of media messages, where the person who selects and edits what is said and how it is said, is employed by the client, not by the medium, and the time or space is purchased for the predetermined message. If television were covering a political campaign, the paid media would choose the best 60 seconds of the 15-minute film for presentation.

Authors of articles, i.e., reporters of news stories, unpaid, uncontrolled media, may select whatever they choose, including the worst events and images and reveal them to the public. For example, if a television station were again covering a political campaign, it may feature the worst 60 seconds of a good 15-minute film clip.

The relationship between paid media and unpaid media can be both adversarial and dialectical. Both are in the business of ordering our perceptions of the world creators of social reality for very different purposes although both are commercial profit oriented institutions. In the case of Chrysler, paid media had to deal with criticisms from unpaid media and transcend them with positive strategies. The reading audience, in turn, was influenced by both the paid

and unpaid media, which persuaded it (the audience) to formulate opinions.

Theoretical Perspectives

Effective speakers draw upon the commonplaces of their time. Every era is dominated by a world view that generates its own universe of discourse. From this, it follows that in order to be a significant voice, one must be a speaker of one's own time; one must speak through the shared symbols of the universe of discourse and venerate the pieties of the age. All employ the same set of topoi.

Not surprisingly, the paid and unpaid media shared the same world view from 1979-1983, but drew different inferences from it. They were communicators with two different purposes to reach two different audiences. Usually, despite their adversarial relationship, they demonstrated fundamental economic and political consensus. To use a football metaphor, skirmishes took place between the forty-yard line. This writer found that both sides, Chrysler advertising writers and newspaper economic reporters, subscribed to the following guidelines:

Utilitarian Ethic: Consumer acceptance is the ultimate measure of success in business. For both critics and allies, sales were the barometer of progress. New designs and engineering features were not

measured by aesthetic or functional criteria. The standard of success was economic.

Rationality: Problems can be solved if we can get enough information. We can get the 'facts' and identify the cause or causes of failure. (Chrysler's brains could triumph over bad circumstances.)

Simplicity: Once we know the cause, a success formula can be devised and applied with predictable results. For example, the 'leadership' of Iacocca or the 'greatness of the K-Car' could be singled out as key factors.

Unpaid Media

On June 25, 1979, John Riccardo went to Washington seeking federal financial help. However, his approach did not begin with a request for loan guarantees.

First, he tried to line up congressional support for a two-year freeze on government regulations. In Iacocca's words, "That we [Chrysler] could spend our money on fuel-efficient cars instead of squeezing the very last gram of hydrocarbons out of the tailpipe" (Iacocca, 1984, p. 196). Both Iacocca and Riccardo felt that the application of the government's safety, emission, and environmental controls on automobiles and trucks was discriminatory and retrogressive. As Iacocca explained:

Ever since the Motor Vehicle Safety Act of 1966, all the various gadgets and devices designed to protect motorists from hurting each other came to a cost of around \$19 billion. General Motors can spread that cost over five million cars a year. Ford spreads it over two and a half million, and Chrysler over about a million.

You don't need a calculator to see that if GM's expenses on a particular item were \$1 million and they sold a hundred thousand cars, each buyer paid an additional \$10. And if Chrysler's costs were the same but we had only twenty thousand buyers, each one would pay an additional \$50.

But that's only for research and development. Then we have to manufacture the stuff. Here the same disproportion applies, except with larger numbers. GM, with its huge sales volume, can build them cheaper and sell them cheaper than we can. And so the gap widens.

Another factor that slowed us down was the sheer volume of staff time and paperwork necessary to report on our EPA regulatory confirmation. In 1978 alone we had to file 228,000 pages with the EPA (p. 197).

From what Iacocca related as his experience with the EPA, one could see why he and Riccardo came to the conclusion that the government got Chrysler into this mess, so the government should be willing to get them out.

Unfortunately, Riccardo's proposal on regulations fell on deaf ears. At that point, he began to lobby for a refundable state tax credit. According to his plan, the money Chrysler spent on meeting government safety and pollution standards would be refunded to the company dollar for dollar. The total was estimated at \$1 billion--\$500 million for 1979, and another \$500 million for 1980.

Chrysler would repay the debt from higher taxes on its future earnings (Iacocca, 1984, p. 197).

Chrysler would not have been the first American car company to ask for tax credits. As early as 1967, American Motors received a tax break of \$40 million from the state of Pennsylvania in order to set a plant up there (Iacocca, 1984, p. 197).

Riccardo proposed that all companies should receive some tax benefits while they are still in a loss position. When the company is losing money, it cannot write anything off. Anything costs more, from air bags to robots. Riccardo asserted that with increased costs and government regulations to contend with, as well as the energy crisis, the company in the loss position is really getting a raw deal (Iacocca, 1984, p. 198).

Every time Riccardo went to Washington with these ideas in an attempt to obtain some congressional action, his ideas were dismissed. Perhaps the way he delivered his ideas had a direct bearing. As Iacocca once described Riccardo: "He was a good fellow, but he wasn't an effective communicator. He had a short fuse and a hot temper, and those qualities don't get you very far in the halls of Congress" (p. 198).

Iacocca further stated, however, that Riccardo knew there was no viable alternative to government help.

Chrysler was losing money and the company was not cutting its overhead fast enough (Iacocca, 1984, p. 198).

On August 6, 1979, a monumental move that benefitted Chrysler took place. G. William Miller left his position as chairman of the Federal Reserve Board, to become U.S. Secretary of the Treasury. As head of the Federal Reserve Board, Miller had told Riccardo that Chrysler should go into bankruptcy rather than approach the government for help. But in his new position, Miller apparently changed his mind. His first official act was to announce that he favored government support for Chrysler as being in the public interest. Miller rejected the idea of tax credits. But he said that the Carter administration would be willing to consider loan guarantees if Chrysler submitted an overall plan for survival. Only then did Chrysler ask for a loan guarantee (Iacocca, 1984, p. 198).

News stories about negotiations for federal financial assistance for Chrysler were uniformly critical of the idea, in any of the forms that were explored. The particular reasons offered for their opposition may be characterized under five general themes: The Violation of Free Market, Precedent for Other Corporations, Incompetent Management, Fatalism About the Circumstances, and Undesirability of the Bail-out.

The following discussion is a synthesis of a sample of critical news stories and editorial comment taken from four major papers of record: The New York Times, The Wall Street Journal, The Los Angeles Times, and The Washington Post. In this case three of the four resources are credited to The Los Angeles Times. Several of the articles in The Los Angeles Times are, in fact, quoted from The New York Times, and/or The Washington Post.

From a random sampling of the unpaid media, this writer found that a focus on ideology characterized many criticisms of Chrysler. The first criticism was the violation of the free market principle. The free market principle works on the premise that the maintenance of a strong enterprise system must accept the downfall of the uncompetitive. If Chrysler were to be bailed out because it could not compete with the other companies, this act would defy the principle. The second criticism was the danger that the granting of a federal loan to Chrysler would act as a precedent for a series of government bail-outs of other corporate giants in the future.

The Violation of the Free Market

There were several sources of expressed concern on the basis of free market principle. These included expressions of expert or informed opposition, in quotations from industrial and financial officials in news stories,

expressions of political views of administration officials, expressed a popular opposition, in letters to the editors, and expressions of editorial opposition.

Expressions of Expert or Informed Opposition

Thomas Murphy, General Motors board chairman, declared "Chrysler's request presented a basic challenge to the philosophy of America" (LA Times, Aug. 9, 1979, p. 7).

Treasury Secretary William G. Miller initially opposed the bail-out because Chrysler's request for a \$1 billion, two-year cash advance from the federal government would be "interest-free and unsecured . . . cash advances from taxpayers funds" (LA Times, Aug. 11, 1979, p. 14). After he was apprised of the magnitude of Chrysler's financial problems, however, he proposed loan guarantees as an alternative. "Loan guarantees," Miller emphasized, "could be limited in time and conditioned to place some of the refinancing burden on Chrysler" (p. 14).

He further explained that a loan guarantee was simply a promise by the federal government to pay principal and interest on loans if the borrower cannot. If the borrower made payments on time, the guarantor did not have to put up a dime, although it may run the risk of heavy outlays in cases of a default. Because Lockheed had been successful in utilizing federally guaranteed loans, Miller

felt this was the best avenue to pursue (LA Times, Aug. 11, 1979, p. 14).

In the early stages of the proposed bail-out, even Lee Iacocca alluded to his dilemma with the violation of the free market principle when he candidly said that going to the government for money "gets you in a bureaucratic and political tangle, and I don't like it. That should be stronger," he added quickly, 'I detest it'" (Wall Street Journal, Sept. 20, 1979, p. 15).

Nonetheless, Iacocca conceded that Chrysler was in deep trouble and that it needed some kind of outside help. After the forms had shifted to federally guaranteed loans, the prospect of this help grew. "It's troubles," he said, "are more than we're able to bear. . . . Hell, I don't care what form (the aid) takes now, I'm very innovative" (Wall Street Journal, Sept. 20, 1979, p. 15).

These candid and plain truths uttered by Iacocca led him into head-on confrontation with the federal government.

Expressions of Political Views of Administration Officials

Ronald Reagan, whose platform sought to limit governmental intervention in private enterprise, commented on the Chrysler dilemma. Early in Reagan's 1980 Presidential campaign, policy adviser, Edwin Meese III, explained Reagan's position on the federal loan guarantee proposal

then under consideration: ". . . Chrysler has not exhausted all of the solutions short of this bail-out. If these other things (company organization, lower wages and benefits and relaxed regulations) aren't going to work, it's doubtful that the bail-out will work" (LA Times, Nov. 17, 1979, p. 13).

Later when Reagan became President and the Chrysler Guarantee Loan Act had been law for nine months, Reagan modified his position:

I opposed the original idea. But everyone seems to have forgotten that is also said that, when government has been as responsible as it has been to the problems of the automobile industry, then maybe government has got an obligation to cure what it has caused, and maybe at the same time to eliminate the regulations and the things that brought the problems on in the first place (LA Times, Sept. 3, 1980, p. 14).

In addition, while touring a Chrysler plant, President Reagan told car executives and assembly line workers: "I'd like to get rid of what I think are several thousand unnecessary regulations that I think have caused your problems" (LA Times, Sept. 3, 1980, p. 14).

Letters to the Editors: Expressions
of Popular Opposition and Support

In Letters to the [Los Angeles] Times, several people protested the federal bail-out. The following quoted phrases are indicative of the contents of letters to the editors:

The Chrysler request of \$1 billion in federal aid is the most absurd thing I have heard in quite some time. The American public rejects their product in the market place for various reasons, so they ask the American public to pay for their folly anyway. Let Chrysler go the way of any other American corporation that fails, quietly out the back door (Mark Gerber, Letter, LA Times, Aug. 13, 1979, p. 6).

I say a loud unequivocal No to Chrysler. The Chrysler plea for federal help should be dismissed out of hand, and without delay (Paul Deragisch, Letter, LA Times, Aug. 13, 1979, p. 6).

The failure of Chrysler is simply people speaking! This has been the tradition of American business or failure for 200 years! Why does Chrysler rate special attention, when countless [other] businesses have failed because of lack of financial support . . . ? (Stephen D. Weiss, Letter, LA Times, Nov. 14, 1979, p. 6).

Few letters to the editors supported the Chrysler bail-out; however, one addressed Chrysler "as an important national resource" to be preserved:

Bail out Chrysler? Better still, nationalize it. Not too prominently considered in the . . . debate over Chrysler's economic woes is the fact that for years Chrysler has satisfied well a demand for low-cost, reliable, fuel-efficient, and long-lasting cars. A recent study by the Department of Energy shows Plymouth Valiants and Dodge Darts lasting twice as long as the average U.S.-produced autos. Considering that the production of the average auto takes 25% as much energy as it will burn in its lifetime, the longevity of these cars is an important energy-saving factor.

. . . the facts argue strongly for the treatment of Chrysler as an important national resource, which could help to set a beneficial trend for the industry as a whole (Marvin Douglas, Letter, LA Times, Aug. 13, 1979, p. 6).

Another letter favored the bail-out, but offered some restrictions:

I am convinced that the United States Government should bail out the Chrysler Company, but subject to the following restrictions:

1--That only affordable but reliable, gas-saving small cars be built.

2--That the 1,000 top executives be fired, pensioned, or sent to the moon to be replaced by a few, but enough, automobile engineers from West Germany and Japan to guide the company to a successful production program (Philip G. Green, Letter, LA Times, Aug. 28, 1979, p. 4).

The Meaning of Precedence:
A Recurrent Theme

The \$1 billion bail-out of guaranteed loans sought by Chrysler in 1979 was the largest corporate rescue plan ever proposed in the United States (LA Times, Aug. 7, 1979, p. 1). The amount Chrysler sought was far greater than the \$250 million plan Lockheed received in 1971 and was larger than the \$750 million Penn Central bail-out proposal the government turned down in 1970, pushing the giant railroad into bankruptcy (p. 1). Of course, the specific details leading to Penn Central's proposal were demonstrably different from Chrysler's situation. Penn Central's demise was primarily attributed to mismanagement of funds--the inability to diversify effectively with those funds. Penn Central was in the business of providing a service, a service that was, for the most part, becoming obsolete due

to air transportation (Business Week, June 27, 1970, pp. 90-100).

The Lockheed Plan ended up not costing the government a cent. The aircraft corporation repaid the \$250 million in guaranteed loans by 1977, and the government pocketed \$31 million in fees for guaranteeing the loans (LA Times, Aug. 7, 1979, p. 1). Lockheed's situation was more analogous to Chrysler in that both were in the business of manufacturing and employing many people. When the Lockheed crisis occurred, the Nixon administration argued that there would be a 'social cost' of some \$380 million in lost income to workers and lower income-tax receipts and up to \$75 million in unemployment compensation. In short, the Administration's position was that if Lockheed collapsed, the U.S. could lose several times as much as the \$250 million guaranteed that Lockheed wanted (Newsweek, Aug. 9, 1979, p. 51). It was this line of argument that Chrysler assumed in support of its plea.

In a Los Angeles Times editorial, dated August 5, 1979, just one day before G. William Miller proposed Loan Guarantees for Chrysler, journalist Anthony Day summed up Chrysler's problem by saying that Chrysler's plea for federal help could not be dismissed. However, the administration and the appropriate congressional committees should explore other alternatives open to the company very

carefully before setting a precedent that would certainly lead to similar demands by other troubled companies (LA Times, Aug. 5, 1979, p. 4).

On August 6, 1979, the idea of loan guarantees became a clear alternative. In a highly critical newspaper account entitled, "The Chrysler Show as Theater of Absurd," Robert J. Samuelson, in a column syndicated by The Los Angeles Times, acknowledged that no one could disagree that Chrysler bankruptcy would present a social and economic calamity. One hundred fifty thousand to five hundred thousand workers would probably lose their jobs immediately, and only the most reckless forecasters could predict how easily they could be reemployed. Nor would anyone disagree that Chrysler's proposal of the largest federal bail-out of guaranteed loans in U.S. history would necessarily constitute a bad precedent and would encourage all sorts of other industries to seek government relief (LA Times, Nov. 6, 1979, p. 7).

From Samuelson's perspective, the basic issues facing Chrysler in the fall of 1979 were plain enough:

1. To preserve the company's mobility and limit its dependence on foreign oil, Chrysler needed to convert its 117 million autos to more fuel efficient vehicles. It was known that in the fall of 1980, Chrysler planned to introduce a new line of compact

cars with significant mileage gain (7 miles per gallon) over its previous models. Chrysler could have then produced about 800,000 annually with four-cylinder engines. Chrysler needed those cars; a bankruptcy would have jeopardized its production (LA Times, Nov. 6, 1979, p. 7).

2. The reason recessions no longer reduced inflation much was the fact that they do not reduce wage pressures as well. People expected the slowdown to be short-lived. Even if the permanent level of unemployment rose slightly, most workers would not have been affected. Chrysler had to reestablish the connection in people's minds between wage demands and jobs (p. 7).

Samuelson added that the Carter Administration, by evading the basic issues raised by Chrysler's request, had not forced the company and its union to do all in their power to minimize the need for federal assistance. At the same time, this ineptness or cowardice would make it more likely that any Chrysler package would be excessively costly, and face uncertain prospects of success (LA Times, Nov. 6, 1979, p. 7).

From some of the critics' viewpoints, one would be able to determine that they clearly understood the extent of Chrysler's problems. But in the same vein, they expressed

the public's fear of setting a precedent for bailing out future private enterprises in deep financial trouble.

James Vogl, economics journal for Times of London, was one of the first to pose the question: Is Chrysler bluffing? He contended that the 10th largest industrial company in the United States was only hinting that it might collapse without the \$1 billion in special tax credits from the federal government. He said that Chrysler had a history of squandering public funds (LA Times, Aug. 9, 1979, p. 7). The example he used described Chrysler's British involvement. In 1976, Chrysler in Britain incurred operating losses of \$81.5 million, almost all of which were covered by a government grant. In the following year, the British government provided Chrysler with an additional \$17.6 million. In turn, Chrysler sold its British interests to a French concern. The British were not happy with this transaction, for they felt they had no control over the direction of their investments (p. 7). Vogl posed still another question: After it (the proposed 1.5 billion dollar loan) had been used, would Chrysler sell its assets to a foreign corporation? (p. 7).

More than once, the British government bailed out badly managed companies: Chrysler, British Leyland and Rolls Royce, for examples. Vogl believed that these efforts had been useless: "Managers who know that their errors will

be covered by public subsidies become sloppy. In time, such expenditures become a drag on the whole economy" (LA Times, Aug. 9, 1979, p. 7).

Vogl argued that Chrysler's sheer bad management was critical to its financial problem. He felt that one model error followed another. For one thing, the lack of small cars and the mediocrity of the rest of the Chrysler range accounted to no small degree for the company's lackluster performance. No new small cars would be seen in Chrysler's 1980 model lineup, with the company planning only to announce new Cordoba, Marada (which replaced the Dodge Magnum), Le Baron and Diplomat models--none of which Vogl thought would likely revamp the firm's fortunes (LA Times, Aug. 9, 1979, p. 7).

A pro-American point of view by W. M. Austin of Los Angeles, California reaffirmed Vogl's assessment:

I see that Chrysler is seeking a federal bail-out to the tune of \$1 billion. Industry analysts say the main cause of their troubles is that they have been too slow to shift into smaller, more economical cars.

The American auto industry has long operated on the theory that most Americans prefer luxury and snob appeal to smaller size and economy. Quite a few years ago Volkswagen started exporting their Beetles to this country. More of them were sold than any other car ever made. It seems there was a message here for the U.S. auto industry. At present, cars such as the Honda and VW Rabbit are selling faster than they can be produced.

I hate to think that any of my tax dollars could go to help a company that got into trouble through pure managerial stupidity (W. M. Austin, Letter, LA Times, Aug. 13, 1979, p. 6).

Vogl also contended that there was an inefficient inventory system that could often result in the factory producing far more cars than are desired by dealers (LA Times, Aug. 9, 1979, p. 7).

As late as June of 1982, when Chrysler was, indeed, demonstrating significant financial success, Donald Woutat, staff writer for The Los Angeles Times, spoke of Chrysler's inherent disadvantages due to its incompetent management policies. He said that Chrysler executives even admitted that they could not operate forever on today's (1982) depressed economic levels (LA Times, June 4, 1982, p. 1). "Chrysler will continue to suffer from inherent disadvantages, compared with its bigger, more diversified domestic competitors," Woutat contended (p. 1). He questioned its management's long-term ability to keep pouring billions of dollars into the development of new vehicles, and its near-total reliance on car and truck sales in North America. He also felt that most outsiders continue to believe a merger with a foreign auto company was essential for Chrysler to survive the decade (p. 1). Even though Chrysler was still affiliated with Peugeot and Mitsubishi, Woutat seemed to think an additional foreign merger was in order.

Thus, strong criticism of Chrysler's management was another major reason Chrysler's bid on the public dole was resisted.

Shortly after Congress' approval of the Chrysler Guaranteed Loan Bill, an editorial appeared in the Los Angeles Times, which expressed a fatalistic attitude toward its consequences. The writer, Anthony Day, felt that the odds were that Congress had bought no more than a little more time for Chrysler, and that Washington eventually would have to face the same choice again--put up more money or let Chrysler collapse (LA Times, Dec. 23, 1979, p. 4).

Chrysler pinned its hopes for recovery on a forecast that 1980 would be a reasonably good year for the auto industry, and that General Motors, Ford and Chrysler collectively could sell 9 million cars (LA Times, Dec. 23, 1979, p. 4). At the same time, Data Resources, Inc., a New England company with a reputable forecasting record, predicted car sales only to be 7.6 million in 1980 because of high inflation, high interest rates, and consumers who could not purchase new cars because of overextended credit (p. 4).

Taking 10% of the domestic car market would also be a major undertaking when Chrysler's share in 1979 was only 6% (LA Times, Dec. 23, 1979, p. 4).

Even more troubling than the risk to public funds, Day thought, was the precedent that Congress had so casually set. The federal government had subsidized private ventures all through the country's history, from its earliest investments in canals to the program of low-interest loans to help small businesses get started (LA Times, Dec. 23, 1979, p. 4). This was the first case, however, in which so much federal money had been pledged to a company that was so far behind its competitors and where there was no clear case that the investment served a broad public interest.

Finally, Day skeptically stated: "Perhaps Chrysler is different, better able to make the best of a second chance. Now that the decision has been made, there is nothing left but to hope that this is the case--and wish Chrysler luck" (p. 4).

Samuelson concurred with Day, but pointed a critical finger at those who masterminded the bail-out as well:

Helping Chrysler and its union ought to be justified by broader purposes than simply rescuing the big and powerful. And aid ought to be extended on terms sufficiently harsh that others will not be tempted to seek similar relief.

This is an episode of many small-minded men--union officials, corporate executives, the President, his Treasury secretary--each trying to cover himself. Who can do it with the most mediocrity? So far, it's close (LA Times, Nov. 6, 1979, p. 7).

These were perhaps the strongest expressions of fatalism about the Chrysler bail-out, for both indicated little hope.

On the other hand, in one area, that of a more desirable alternative, the press provided strong arguments in favor of Chrysler.

According to free-market economic theories, companies which cannot make their own way in the competitive marketplace are condemned to die.

In real life, however, it is difficult for a democratic government to pursue sink-or-swim economic theories when the Chrysler collapse could cause widespread financial losses much broader than the company's own enormous, long-lasting economic damage to regions where Chrysler plants are located.

A little less than three months after Riccardo requested federal help, a 1979 government study released by the United States Department of Transportation, on September 11, 1979 showed that in the case of the city of Detroit, the burden would be devastating and would effectively destroy the city's economic base for many years (LA Times, Sept. 12, 1979, p. 16).

Wherever Chrysler plants or suppliers were located, the study indicated that school budgets, city budgets,

property values, and retail trade would all be severely affected (LA Times, Sept. 12, 1979, p. 16).

The study estimated that 70% of Chrysler's supplying companies were small manufacturing concerns with great concentrations of businesses in Chrysler products. \$2 billion of their supply orders would have to be cancelled (LA Times, Sept. 12, 1979, p. 16).

The study projected that 119,500 production workers--all but 22,500 of them in the United States--would be laid off by the company and another 292,000 workers would be released by Chrysler suppliers, dealers and related businesses if Chrysler closed its doors (LA Times, Sept. 12, 1979, p. 16).

Furthermore, the study said that minority workers, among whom unemployment already was high, would be hit hard since Chrysler had kept much of its production facilities in the inner city (LA Times, Sept. 12, 1979, p. 16).

Raising the prospect of a severe depression in Detroit, the report said that unemployment there could jump from 8.7% to as high as 19% in 1979 (LA Times, Sept. 12, 1979, p. 16). "A collapse could prevent the company from contributing to unemployment payments and the entire assistance burden would fall upon government while at the same time, taxes would be dropped, the study said" (p. 16).

Assuming unemployment benefits of \$100 a week per worker--most auto workers would be expected to get more than that--the government assistance bill would exceed \$30 million a week, or \$1.5 billion over on year (LA Times, Sept. 12, 1979, p. 16).

The study also revealed that welfare payments to perhaps one million family members involved would add to this and the federal income tax alone would be cut by \$500 million (LA Times, Sept. 12, 1979, p. 16).

Because the collapse of the Chrysler Corporation was predicted to throw hundreds of thousands out of work, cost the government \$1.5 billion in unemployment aid over the first year and increase welfare costs, federal help here was portrayed as a more desirable alternative.

Conclusion

This chapter sought to analyze the rhetorical context in which the 1979-1983 Chrysler Advertising Campaign was born. It listed in chronological order the major events in the Chrysler recovery, and examined the demographics of Chrysler's key audiences and the role of the paid and unpaid media. In addition, summaries and discussions of the basic criticisms of Chrysler and Iacocca developed by print and electronic media reporters were provided.

CHAPTER 4

METHODOLOGY AND APPLICATION

Nature of the Pentad and Its Parts

This chapter describes the nature of the dramatistic pentad, its parts, and the ratios of its parts. This writer has chosen four Burkean ratios she deemed most appropriate to the Chrysler paid and unpaid advertising campaign before and after the federal loan guarantees. The four selected ratios are: Scene-Act (Circumstances); Act-Agent (Comparison, Model, Similitude); Act-Purpose (Definition); and Act-Agency (Cause).

Kenneth Burke describes Dramatism as "a method of analysis and a corresponding critique of terminology designed to show that the most direct route to the study of human relations and human motives is via methodological inquiry into cycles or clusters of terms and their functions" (Burke, "Dramatism," International Encyclopedia of the Social Sciences, 1968, p. 445).

The Dramatistic Pentad is probably the most significant of Burke's methodological contributions. It is a tool for the methodological analysis of motives presented in human discourse. The pentad consists of five concepts:

Scene (When or where it was done?), Act (What was done?), Agent (Who did it?), Agency (By what means was it done?) and Purpose (Why was it done?). All together the answers to these questions form a complete picture of human motivation.

Human Motivation

Motive is a key term of Dramatism. Its significance is highlighted in such major works of Burke as A Grammar of Motives and A Rhetoric of Motives. Burke examines the problems of motive and the role of language, symbols, and communication in human motivation as enduring concerns in the evolution of Dramatism. In Language as Symbolic Action, Burke presents his famous definition of man:

Man is
 the symbol-using (symbol-making, symbol-misusing)
 animal.
 inventor of the negative (or moralized by the negative)
 separated from his own natural condition by instruments of his own making
 goaded by the spirit of hierarchy (or moved by a sense of order)
 and rotten with perfection (Burke, Language as Symbolic Actions, 1966, p. 16).

The motivating significance of language is derived from the clause "rotten with perfection." Burke explains that "there is a principle of perfection implicit in the nature of symbol systems; and in keeping with his nature as a symbol-using animal, man is moved by this principle."

It is in the attempt to establish a perfect state of order that man finds himself victimized by his own

creativity (social structure, technology, tools, economic arrangements). Again and again he falls from grace, and again and again he rises from chaos by the very instrument that keeps him estranged from God: language.

In Dramatism, language constitutes motive. Burke notes: "A motive is not some fixed thing, like a table, which one can go and look at. It is a term of interpretation, and being such it will naturally take its place within the framework of our Weltanschauung as a whole" (Burke, 1966, p. 301).

Our Weltanschauung is our present envisagement of reality. It is a series of judgments as to how things were, are, and may be. These judgments form the ground and legitimation of our acts. As Burke explains, "Since we characterize a situation, with reference to our general scheme of meanings, it is clear how motives, as shorthand terms for situations, are assigned with reference to our orientation in general" (Burke, 1966, p. 301).

Thus, one's motive, strategy, attitude, definition of the situation are all determined in the context of the orientation provided by Weltanschauung.

Ratio of the Parts

In reference to motivation to act, Burke provides act ratios as focal points for developing rhetorical strategy. The act may be motivated by reference to

antecedent scene, act, agent, agency, or purpose. In a sense, a pentadic ratio is an implicit argument and the list of ratios can function similarly to the Aristotelian topoi as places to look for justification of policy.

The power of pentadic analysis of motive lies in its perspectival ratios. Motive cannot be assigned except in the presence of ratio. It is the naming of the act. Burke describes a ratio as a principle of determination, as a principle of selectivity rather than causality, as a form necessarily exemplified in imputing motive, and as essentially analogical (Burke, 1945, A Grammar of Motives, p. 18). Basically, any pairing of terms from the pentad can constitute a ratio. Given the five terms, Burke proposes ten possible ratios: Scene-Act, Scene-Agent, Scene-Agency, Scene-Purpose, Act-Purpose, Act-Agent, Act-Agency, Agent-Purpose, Agent-Agency, and Agency-Purpose (p. 15). This writer has selected four act ratios to illustrate. Modified explanations of ratios taken from Charles Kneupper's journal article entitled "Dramatistic Invention: The Pentad as a Heuristic Procedure," published in The Rhetoric Society Quarterly, Summer 1979, p. 133; and print and electronic media examples of Chrysler's paid media are provided to show the form each ratio could take.

Ratio Illustrations

SCENE-ACT: Given the circumstances, what else could one do?

 or

 Given the constraints, no other action was possible.

Example: There is something wrong when American workers are laid off and the Japanese are working overtime. There is something wrong when this nation pays \$2 billion in special welfare (The Trade Readjustment Allowance) so we can all buy Japanese cars. There is something wrong when they can ship cars here but we can't ship cars there (Lee Iacocca, "Give Us A Chance to Compete," Newsweek, April 20, 1981, p. 15).

Example: J. L. Tolley, Vice President, Public Affairs at Chrysler said:

 Philosophically we were bullish on free enterprise. But we were looking over the edge of a cliff--and it was painfully obvious what would go over with us if we fell (J. L. Tolley, "The Role of Public Affairs in the

Chrysler Turnaround: A Case Study," Oct. 25, 1983, p. 4).

ACT-AGENT: From such a person, one would expect such behavior or acts.

or

From a teacher, one would expect instruction.

Example: Iacocca speaks out on labor, management, energy independence, political courage, and the Japanese.

In effect, his message is that from an industrious people like the Japanese we must expect vigorous competition, but on the other hand, 'Given our government's rhetoric and pretentions, we have a right to expect better treatment.'

or from the same source:

I've heard people say that lower Japanese prices are great for the American consumer. On the average, every time someone buys a Japanese car in this country, we lose \$1750 in tax revenue at the local, state and federal level. There's no free lunch. You've got to make up for it someplace (Lee

Iacocca, "Revitalizing America: A Proposal,"
Psychology Today, Feb. 1983, p. 34).

Iacocca took a company on the brink of disaster and brought it back . . . on the strength of his personality. That's very appealing to the entrepreneurial spirit (J. L. Tolley, "Chrysler: Back from the Brink," Feb. 25, 1983, p. 3).

ACT-PURPOSE: In order to make money, one must work for it.
 or

In order to achieve peace with honor, one must negotiate a settlement with X conditions.

Example: If Japan cheats in the marketplace, we don't have to stand by. We can demand reciprocity (Iacocca, Psychology Today, Feb. 1983, p. 34).

Titles: "Japanese Cars--American Jobs"

or

"Imports Taking American Jobs" (Viewpoint ... An Issue of Fairness, Chrysler Newsletter, n.d., n.p.)

"Remember what the purpose of this was, Tom, to save 600,000 jobs. We did that. To make sure there was never a dollar taxpayer--a dollar of taxpayer money at risk" (Iacocca talking with Tom Brokaw in NBC Reports: Iacocca--An American Profile, Jan. 29, 1984, p. 12).

ACT-AGENCY: Give a child a hammer, and everything will be treated like a nail.

or

In a bureaucracy it takes a long time to expedite decisions.

Example: Chrysler PR established rebuttals to criticism over its loan application:

1. Chrysler's predicament wasn't wholly the company's fault. It was systemic.
2. Loan guarantees did not mean the company would receive so much as a penny of public money. The arrangement was sound and secure for it was a credit guarantee, not a hand-out. Therefore, it was a system that would not result in a loss.
3. There is nothing new about federal loan guarantees. The argument was

traditional. Therefore, it had many precedents that argued for success.

4. Public Affairs argued that social costs of a Chrysler bankruptcy would be unacceptable to the country (Tolley, Feb. 25, 1983, pp. 7-9).

Consequences of buying a Chrysler are:

1. Rebates
2. Money-back guarantees
3. Featuring of gas-mileage ratings

In each of the examples of ratio given, one should begin to sense the antecedent factor which results in motivating the consequential act. The act is thus prompted and explained in terms of the antecedent factor.

The dramatistic pentad and pentadic ratios can serve a heuristic function for suasive discourse. Simply, the pentad provides a system of perspectives from which reality may be viewed. In addition, the ratios provide a variety of rhetorical strategies for encompassing a situation or solving a problem.

Richard Young informs us:

A heuristic procedure provides a series of questions or operations whose results are provisional; it helps us guess more effectively. . . . Although systematic, heuristic search is neither purely conscious nor mechanical; intuition, relevant experience and skill are necessary for effective use

(Young, "Invention: A Topographical Survey," Teaching Composition: Ten Bibliographical Essays, 1976, p. 2).

Philip M. Keith concurs with Young when he tells us that Burke offers a way of getting beyond our narrow and almost obsessive concern with linguistic style:

For Burke, writing is action rather than linguistic process, a matter of interpreting motives rather than processing information, a matter of dialectic rather than syntax, and his emphasis provides a counter by which our present methods of teaching writing, our newest methods as well as our older ones, can be improved (Keith, "Burkean Invention, from Pentad to Dialectic," The Rhetoric Society Quarterly, Summer 1979, p. 141).

Finally, Kneupper concurs with Young and Keith in that further explorations of our inventional implications of Dramatism should be undertaken in a continuing effort to exploit the implications of this perspective for discourse production (Kneupper, Summer 1979, p. 135).

For Burke, Dramatism was the point where politics and literary theory were joined. He hoped to blend the open unstructured creativity of the poet with the structured reality of power politics. This system, a blend of open and closed, would blend the strengths of two ways of looking at the world. He hoped it would be useful in problem solving as well as in rhetorical analysis.

Scene-Act Ratio

The Scene-Act ratio is a series of variations on the argument from circumstance. The circumstances of a

situation are its concrete facts, facts that function as limiting aspects of the environment.

Analysis and appraisal of a situation in the language through the use of the scene-act ratio will permit one to explain that situation in such a way as to (1) justify acts, behaviors, and policy from the situation, (2) necessitate or demand or force action, and (3) make ordinarily 'bad' actions necessary. To paraphrase, situational rhetoric employs strategies of adaptation, coercion, and legitimation.

Adaptation

On February 25, 1985, J. L. Tolley, Vice President of Public Affairs at Chrysler, addressed the Texas Public Relations Association in Dallas, Texas. He attempted to explain Chrysler's problems through a description of the dire circumstances it faced in August 1979, when Mr. Riccardo made the first overtures to the federal government for financial assistance. The following is an excerpt from the speech in which Tolley painted the dismal picture of the situation:

. . . Iacocca had been with the company only a few weeks when the roof caved in: the Shah of Iran was overthrown. Gasoline prices doubled overnight. Short supplies--and a crazy allocation system--created panic. The demand for most fuel-efficient Japanese imports skyrocketed, while demand for most American cars collapsed.

Chrysler found itself with thousands of unsold new cars on its hands, at the very time when necessary product development expenses were incredibly high. As a result, the company was awash in red ink. After posting a loss of \$205 million in 1978, Chrysler would report a loss of \$1.1 billion in 1979 and \$1.7 billion in 1980 (Tolley, Feb. 25, 1983, p. 4).

In 1979, Chrysler's Public Affairs Department argued that the related social costs of a Chrysler bankruptcy would be unacceptable to the country. They stressed that Chrysler was the tenth largest industrial company in the United States. About 600,000 people depended on Chrysler for their jobs, either directly or indirectly. A series of studies undertaken in 1979--by the Congressional Budget Office, the Department of Transportation, and Chase Econometrics--estimated that a Chrysler bankruptcy would cause a decline in GNP of half a percent, and a rise in unemployment of between .5 and 1.09 percent (that was between a half a million and a million people), and a negative impact on the trade balance of \$1.5 billion. In addition, the nation would face a bill of \$1.5 billion in extra welfare payments and an annual tax loss of \$500 billion (J. L. Tolley, "At the Cutting Edge: The Role of the Public Affairs in the Chrysler Turnaround," Sept. 27, 1983, pp. 10-11).

Moreover, the impact would have been especially severe in the Detroit area, where more than half of Chrysler employees were located. The U.S. Treasury Department estimated that in Detroit alone, a Chrysler bankruptcy would

throw 52,000 Chrysler employees out of work along with another 50,000 employed by its supplier companies. Those 100,000 people represented 5 percent of the total Detroit work-force--almost twice the number of people employed by Proctor & Gamble (Tolley, Sept. 27, 1983, p. 11).

The Treasury Department also figured that the ripple effect in the economy would have resulted in another 100,000 lost jobs in Detroit (Tolley, Sept. 27, 1983, p. 11).

Perhaps the Scene-Act ratio can best be described from the perspective of the man who was described the scene, Mr. J. L. Tolley, Vice President of Chrysler's Public Affairs Department. Through his eyes, one can achieve the best understanding of how all three scenic strategies (adaptation, coercion and excuses) were employed in the campaign.

According to Tolley, at the end of the 1970s, Chrysler entered the national consciousness through a prolonged series of hysterical press stories. Every myth about Detroit, every stereotype about the automobile business, and every misconception about American business in general was in the headlines during that period (Tolley, Oct. 25, 1983, p. 3).

Moreover, Tolley told of how the self-promoters--both well-intentioned and purely mercenary--wanted 'to change Chrysler's image,' wanted to send off phony letters to Congress, wanted to do attitude surveys and in-depth

analyses, and wanted to run full-page ads to win the day. However, according to Tolley the Public Affairs staffers at Chrysler held fast, for they resisted the pressure, remained professional, and tried to prove that there was no substitute for a sound, solid approach to public relations (Tolley, Oct. 25, 1983, p. 3).

All of this hysteria was triggered by the hard, cold fact that if Chrysler were to stay in business--convert their entire fleet of cars to the new technology of front-wheel-drive--and at the same time comply with each of 43 separate government regulations--they would have to spend exactly twice as much money in the next five years as they ever spent in any previous five-year period. However, they could not afford it (Tolley, Oct. 25, 1983, p. 3).

Assuming drastic internal restructuring--assuming all their lines of credit with the banks were extended to the maximum--and with no other sources of additional funds available--what they were considering was essentially a cash shortfall--of \$1.2 billion over the years of 1980 and 1981.

Chrysler has no way of making up that shortfall. It could not merge. It could not borrow (Tolley, Oct. 25, 1983, p. 4).

Tolley said that Chrysler was reluctant to go to Washington and ask for help: "Philosophically we were bullish on free enterprise. But we were looking over the

edge of a cliff--and it was painfully obvious what would go over with us if we fell" (Tolley, Oct. 25, 1983, p. 4).

Obviously, preventing this economic and social chaos simply became more important than Chrysler's lofty philosophic principles. Thus, Chrysler did go to Washington for help.

The scenic argument--unusual circumstances create the need for unusual measures--was decisive. Chrysler told its story to Congress and the American people, emphasizing there that the times were out of joint, the scene was new, dangerous and unprecedented. Chrysler was a victim of a pervasive set of circumstances. The general economic bleakness of the late 70s made Chrysler's plea both credible and convincing. Fear of economic failure was a key factor in swaying the administration and enough of the American people so that Congress would vote yes. The final vote for passage of the loan guarantees was two to one (Tolley, Sept. 27, 1983, p. 11).

In a Newsweek article entitled "Give Us a Chance to Compete" (April 20, 1981), Iacocca attempted to refute those who thought it was a violation of the sacred principles of free trade if our government did anything to reduce the influx of Japanese cars into this country, and that this would take away the basic right of all Americans to buy anything they wanted, no matter where it was produced.

Iacocca did not feel that the American public, or any other nation, had that right if it devastated a basic industry and put hundreds of thousands of people out of work. He accused his critics of missing the point and intended, by making his point in a coercive way, to do something about it:

There is something wrong when Americans are laid off and the Japanese are working overtime. There is something wrong when this nation pays \$2 billion in special welfare (the Trade Readjustment Allowance) so we can all buy Japanese cars. There is something wrong when they can ship cars here but we can't ship cars there.

The answer is not tariffs or a trade war, and it certainly is not more of what we have now. The answer is a little voluntary recovery time so we can get back on our feet and compete head to head with anybody in the world (Newsweek, April 20, 1981, p. 15).

By 1983, when addressing the same problem, Iacocca declared even more emphatically, "If Japan cheats in the marketplace, we don't have to stand by. We can demand reciprocity" (Psychology Today, Feb. 1983, p. 34).

Recently, Chrysler's Public Affairs Department released an account entitled "The Chrysler Story: Lessons for America," in which it contended that the fate of its company--of the whole American auto industry--and much if not all of American business--from machine tools to silicon chips--depended perhaps more on what happened in Tokyo and Washington, D.C. than on what happened in the board rooms

and factories of Detroit, Los Angeles, and Greensboro, North Carolina ("Chrysler Story," Feb. 1984, pp. 6-7).

Using Burke's device of 'expanding the circumference,' the company minimized its own culpability. Chrysler claimed:

No matter what engineering miracles we perform--no matter how we pare down our breakeven point--no matter how superb the fit-and -finish is on our cars--we could still eventually wind up on the ropes. The fight's been fixed--even before we climbed into the ring. It's been fixed in Tokyo--and Washington, D.C. seems to be just standing by--letting us take a dive.

Just look at the undervalued Japanese yen. The 20 percent differential between it and the high-flying dollar gives the Japanese an \$800 price advantage per car ("Chrysler Story," Feb. 1984, p. 7).

Apparently Chrysler could not understand why Washington was not aggressively pushing for more acceptable exchange rates--rates that reflect the real purchasing power of currencies. Why, it asked, was it being victimized by its own government's fiscal ineptitude?

Chrysler made a scenic argument using the example of the Japanese tax system. The favorable circumstances were: The Japanese tax burden was placed on consumption. If the product were exported, the taxes would get rebated. That meant that if Toyota or Honda exported a car made in Japan, they would receive \$800 of taxes rebated on each car. The upshot was another \$800 per car price advantage. Chrysler felt that the American consumer was no fool. Sure he was

going to find this \$1600 bargain mighty seductive--and buy 'Made-in-Japan' rather than 'Made-in-America' ("Chrysler Story," Feb. 1984, p. 7). On the other hand, unfair domestic policies penalized Chrysler. In the United States as soon as the car came off the assembly line, it was priced out of competition by its own government:

. . . it gets bullet-holed with about \$2500 of production taxes--which are passed on to the consumer in the form of a higher price. Gangland-style, our outdated tax system is killing off our industries.

We, in the auto industry, are not asking for help in the fight. No manipulated yen. No tax advantage. We want all to get into the ring with the same weight boxing gloves.

In the auto business we're born scrappers. There's something in us that likes--and goes after--a good fight. In fact, that's what a lot of the Detroit mystique--the almost football-type rivalry among the Big Three--is all about. But the only good fight is a fair fight. And--with one-sixth of all the private sector jobs in America tied to the auto industry--it's a fight we have to win (pp. 7-8).

Sonja K. Foss, in her journal article entitled "Retooling an Image: Chrysler Corporation's Rhetoric of Redemption," discussed Chrysler's efforts to expunge its guilt through its advertising. She categorized the advertising techniques according to the following themes, each of which will be discussed under the appropriate ratio category:

1. Portrayal of Chrysler as a Victim of Changing Times
2. Association with the Japanese
3. Personalities' Endorsements of Chrysler's Cars

4. American Appeal
 5. Dissociation from Japanese Products
 6. Comparison with Other Companies' Products
 7. Rebates
 8. Money-back Guarantees
 9. Featuring of Gas-Mileage Ratings
- (Sonja K. Foss, "Retooling an Image: Chrysler Corporation's Rhetoric of Redemption," The Western Journal of Speech Communication 48 (Winter 1984), pp. 79-84.

Portrayal of Chrysler as a Victim
of Changing Times

With the depiction of Chrysler as a victim of changing circumstances and times, an attempt was made to transfer Chrysler's guilt to an external source, what Burke described as the strategy of victimage or scapegoating (Burke, A Grammar of Motives, 1945, pp. 406-408). A number of Chrysler's ads acknowledge that times had changed, making the large cars it had produced inappropriate.

An ad for the Dodge Omni in early 1978, for example, implicitly recognized that times had changed and let the reader know that Chrysler's cars now were in tune with the times: "On one hand, we wanted the new Omni to be able to live comfortably in a world that is tightening its belt" (Ad for Dodge Omni, Time, Feb. 6, 1978, pp. 40-41). Still other ads focused on the new demands of the times, as did an ad for the Dodge Aspen: "Aspen is designed to live in a world that has become increasingly concerned with the efficient use of fuel, space, and money" (Ad for Dodge Aspen, Time, May 1, 1978, pp. 76-77).

In an ad for Chrysler products that dealt directly with the issues surrounding the reasons for the bail-out, Chrysler claimed that its products were not behind the times: "If you want to buy a gas guzzler, you'd better see somebody else. Not Chrysler. . . . If anybody is behind the times, it isn't going to be Chrysler" (Ad for Chrysler Corporation, Time, Oct. 1, 1979, pp. 98-99). The phrase "isn't going to be" suggested a future plan or goal; it implied that Chrysler once was behind the times, but it was forced eventually to change its product line to align with the new circumstances. Foss claimed that Chrysler's portrayal of itself as a victim of change placed the responsibility for Chrysler's failures outside Chrysler itself (Foss, Western, Winter 1984, p. 79).

Association with the Japanese

Chrysler informed the public that it was attempting to correct its failures and alleviate its guilt by associating itself with Japanese products, workmanship, quality, and technology. Chrysler seemed to be saying that little could be done immediately to improve the quality and reputation of Chrysler's own manufacturing techniques, but it was doing what it could to improve the quality of the products sold under the Chrysler name. This meant aligning itself with the Japanese, who had an excellent reputation

for quality. During the campaign they served as enemy, model, and a standard to be surpassed.

This idea was first manifested in a simple identification of Chrysler's imported cars as imports, emphasizing that the cars advertised, although sold by Chrysler, were not actually built by the corporation. Different advertising campaigns separated by short spans of time were made. In an ad for Dodge Colt Hatchbacks, for example, bold lettering informed the reader that the products were "The '79 Dodge Colts: Imported from Japan" (Ad for Dodge Colt Hatchback, Time, Nov. 13, 1978, pp. 34-35). In April 1979, another ad was headlined, "The Most Technologically Advanced Japanese Imports You Can Buy." Also featured prominently in the ad were the words, "Built by Mitsubishi. Sold Exclusively by Dodge & Chrysler/Plymouth Dealers" (Ad for Japanese imports, Time, April 2, 1979, pp. 84-85). This ad explicitly informed the reader that the cars were built by a Japanese company and not by Chrysler.

In the spring of 1979, Mitsubishi, the Japanese company that produced Chrysler's imports, was featured in ads rather than the Chrysler Corporation, although the cars advertised were sold by Chrysler and considered Chrysler products. In one ad, "Mitsubishi Motors Corporation" appeared in large lettering next to the Mitsubishi logo, and

in tiny letters were the words, "Mitsubishi cars and pickup trucks are sold in the U.S. by Chrysler Corporation" (Ad for Mitsubishi's twin stick, Motor Trend, December 1978, n.p.). Its own products may not be of high quality, as was suggested in this ad, but Chrysler was able to achieve a level of quality through association with those who had a reputation for such quality.

This was not a good rhetorical strategy for Chrysler. The American company appeared in a subordinate position to the Japanese company as a mere conduit for its products. This was an ironic position for a company that constantly asked consumers to buy American and emphasized the quality of American technology and products.

Act-Agent Ratio

The Act-Agent is a heuristic perspective that generates persuasive discourse from the leadership principle. The pattern of argument is this: The quality and kind of our leadership agent guarantees the legitimacy, efficacy and rightness of our actions (ACT). The kind of leadership Chrysler strove to portray was a model to which many Americans have been socialized. This leadership included the following qualities:

1. Independence Characteristics: Real Americans
'Don't' Take Charity; They Are Self-Reliant

2. Dynamism
3. Confidence
4. Plain Speaking
5. Faith

Burke's Agent Pattern

The agent acts for us in matters beyond our competence. In contemporary America an agent is a specialist to whom we grant a limited license to act in our stead. As an example, we cannot educate our own children in a complex society. The teacher is granted license over the education of our children. Similarly, we no longer heal ourselves. We allow a doctor all sorts of liberties that we would not grant to our closest friends. Bankers and accountants are 'trusted' with our finances. In short, agent ethos arises from dependence, or rather interdependence. In modern society, no single person possesses the resources or skills for a complete life and thus must depend on others.

Iacocca's Ethos

Kenyon & Eckhardt Advertising made a conscious choice in making Iacocca the personification of the Chrysler Corporation. They could do this because he had a prior reputation for the automotive established by his creation of the Ford Mustang. One of Chrysler's main concerns was to

develop another new line to advance (or, in this case, to save) a renewed company. Had Iacocca's past success been in finance, or corporate take-overs, it would not have been feasible to project his capacity for design. Chrysler's problem had been largely in archaic design. Its salvation had to come in new design, and Iacocca was designated as its saviour.

Independence Characteristic:
Real Americans 'Don't' Take Charity;
They Are Self-Reliant

Iacocca had to demonstrate that he was a reluctant recipient of Congressional aid. Even though it was absolutely necessary to receive the loan, it was mandatory that he express shame and disapproval. Americans like to think of themselves as self-reliant people; the long frontier experience gave them the myth of the lone individual, and the frontier mandate was for people who could take care of themselves in hostile circumstances. These people would not become a burden to the community. The same pattern of individualism made acceptance of community aid a badge of shame. To 'take charity' was an admission of weakness. Iacocca said: "I would sell my kids before I went back to Washington for the next \$300 million" ("A Difference of Opinion," Fortune, March 23, 1981, pp. 15-146).

This statement referred to the fact that Chrysler's original appeal to the federal government was for \$1.2 billion. Instead, the federal government determined that Chrysler needed \$1.5 billion. Iacocca kept his word that he would use only \$1.2 billion of the \$1.5 billion and that he did.

Another reason Iacocca made this statement was built around his strong conviction that there should be a program to help big businesses in trouble without their having to go before the bar or the press:

Each time we've gone back, it's been three months of hell. The dealers go into a blue funk, the customers hold off buying. We probably lose 50 cents in sales for \$1 in loans. I don't want to say it's impossible that we'd ever go back in a crunch, but we could probably do some of those other things instead (Fortune, March 23, 1981, p. 146).

Iacocca risked his own credibility with the public when he explained the trade-offs of asking the government for help. On the other hand, for him to make an admission of this kind and given his outstanding 36-year track record with the Ford Motor Company, one would be strongly inclined to rely on the integrity of such a man.

Dynamism

The prestige of success. As the company turned around, Iacocca was presented as a dynamic leader who had coaxed success out of failure. Success in a mass-mediated culture is measured by high visibility. The media pay

attention to important people. Secondly, his peers sought his advice and showered him with praise. Emphasis was placed upon the sheer force of Iacocca's personality and self confidence rather than structural and fiscal changes in the Chrysler Corporation. Buoyed by the immense prestige that success brings, Iacocca seemed to become a more believable actor in commercials and press conferences. In the author's opinion, Iacocca was awkward at first, but as his success grew he became a practiced artist, smoothly performing the role of star industrialist.

. . . in Lee Iacocca we not only have the most dynamic Chairman of the Board in the country, we've got a real celebrity.

He's the most sought-after business executive on the scene today. On the average he receives 70 invitations every month. He gets 600 letters a week, not only from people in the U.S., but from around the world.

And the media invitations come by the dozens daily. Every Monday, it seems, Bill Monroe calls to invite Lee to Meet the Press. And every Monday we decline. In the last few months, we've also had to turn down Face the Nation, Donahue, Good Morning America, Today, and Nightline.

Lee is also the most admired executive in the country. Well, sort of. In a recent Gallup Poll, for The Wall Street Journal, most businessmen couldn't name a single executive they admired. But of those who had a favorite, Lee Iacocca was the overwhelming choice. No one else was even close. As one fellow told the pollsters, 'Iacocca took a company on the brink of disaster and brought it back . . . on the strength of personality. That's very appealing to the entrepreneurial spirit' (Tolley, Feb. 25, 1983, pp. 2-3).

This kind of testimony would tell the reader that Iacocca made his mark; he proved himself and accomplished what he set out to do. Chrysler's Public Affairs Department was able to capitalize on Iacocca's accomplishments and used them to reestablish public confidence in the corporation and as a result, an American hero was unexpectedly created. Because of Iacocca's strong personality, entrepreneurial spirit, and risk-taking approach to business that led to financial success, he became widely sought-after for speaking engagements.

Confidence

Self-confidence (and the extension of confidence in the product) is demonstrated by taking risks. Capitalism is a risk-taking activity, and the deepest myth of capitalistic culture is that only the risk-takers become rich and successful. The great 19th century freebooters of capitalism were gamblers who risked everything on shrewd hunches. Like the Europeans of Machiavelli's time, modern Americans still believe that Dame Fortune must be assaulted. Iacocca was a risk-taker in the great tradition because he was shown to have great confidence in his company and in his product.

Since a series of speeches (Feb. 25, 1983; Sept. 27, 1983; Oct. 25, 1983; Nov. 14, 1983; and Feb 1984) made by representatives of Chrysler's Public Affairs and Public

Relations Departments, began just before the loans were repaid, it was quite apparent that the job of reestablishing credibility in the corporation was not yet complete. They now had their hero advocating a solid and reliable product, and they had to make sure he maintained a favorable profile in the sight of the press.

Television Advertisement:
Iacocca On-Camera

To quote Lee Iacocca:

If a manufacturer doesn't have enough confidence in the quality of what he makes, he doesn't ask you to buy it. And it doesn't make any difference what he makes . . . washing machines, toasters, or roller skates. Me? I'm in the car business and I've been saying for a long time that Chrysler makes cars that are as good if not better than anything coming out of America, Europe or Japan. Now to show you the kind of confidence we have in the quality of our products . . . when you buy any new Chrysler, Plymouth, or Dodge, American built passenger car, Chrysler will protect your investment three ways. One, a 5-year or 50,000 miles protection plan on the engine and power train. Two, 5 years or 50,000 miles rust-proof protection on the outside of the car. Three, 5 years or 50,000 miles free scheduled maintenance. Now that's confidence. But let's face it. If we don't believe in our products, why should you? So if you find a better car, buy it. (Journal of Consumer Marketing, Jan. 1984, p. 26).

Plain Speaking

A deep strain of anti-intellectualism coupled with a preference for action over thought has always predisposed us to trust plain speakers. The dogmatism of Teddy Roosevelt, the plain talk of Truman, the straight sense of Ben Franklin

and others have inspired us with certainty. Iacocca utilized action-oriented discourse in broadcast journalism style. That is, he uttered short, declarative sentences so that when the listener heard them for the first time, there was no need for he/she to search for deep meaning. The message was pure and simple. Perhaps it was this type of simplicity in the content of the message and its unpretentious television delivery that made Iacocca convincing to his audience.

Dressed in conservative, corporate style, Iacocca's television testimonial ad for his company and product generated the most public response. He said simply that he was in the car business and that Chrysler was as good or better than its competitors. His salient point was the generous warranty plan that one would find hard to resist. To cap it off, he said, ". . . if you can find better protection, take it. If you find a better car, buy it" (Journal of Consumer Marketing, Jan. 1984, p. 26).

During this period of increased advertising, Chrysler's market share went from 8 percent to 9.9 percent. In the fall of 1982, it achieved a 10 percent share. Chrysler's share segment went from 11 to 22 percent (Journal of Consumer Marketing, Jan. 1984, p. 27). In a business where a 1 percent share increase is the equivalent of about a billion dollars, that was an increase of great magnitude.

In an exclusive interview with Psychology Today, Iacocca explained the dimensions of the problem:

I've heard people say that lower Japanese prices are great for the American consumer. Maybe that's why Fuji film is the official film of the U.S. Olympics. Maybe that's why, according to the August 4 Washington Post, 233 out of 493 White House staff members own cars made in Japan. That kind of thinking is nearsighted, and costly to all of us.

On the average, every time someone buys a Japanese car in this country, we lost \$1,750 in tax revenue at the local, state, and federal level. There's no free lunch. You've got to make it up someplace (Psychology Today, Feb. 1983, p. 34).

Again, in his dogmatic way, Iacocca was saying that the "Buy American" programs were not simply a matter of self-interest, they were matters of national difference and economic survival. It was clear that he wanted Japan to cease its unfair practices or America would be forced to retaliate--not only to stop their currency and trade manipulation, but to protect the American industrial base and its way of doing business. In essence, he reminded us that we did it first and we did it best when it comes to building industrial might. We did it by investing profits where they would provide more jobs and develop better products. We did it by producing a quality product that the American worker could take pride in and on which the consumer could rely. Iacocca declared, "Now our challenge is to show that we can do it again. I believe that way of

doing business is coming back" (Psychology Today, Feb. 1983, p. 34).

The Mystique of Faith

Finally, Iacocca expressed the mystical faith that is the hallmark of leaders like Roosevelt and Churchill. The American creed is infinite in its extent. It transcends failure, resources and circumstances.

Iacocca was telling us that in economic terms, this may be America's darkest hour. However, as slow and frustrating as our system can be, it still works and works well. Even if we become fat and lazy and allowed our quality to slip, we could improve it until it is second to none in the world. Iacocca contended, "Anything we did, we can undo" (Psychology Today, Feb. 1983, p. 34). In other words, if we created a federal debt that ruined our economy, we could reduce it and get the economy going again. If we let our country fall apart, we could pull it back together again better than before.

Personalities' Endorsements of Chrysler's Cars

Chrysler's ads also featured prominent personalities extolling the virtues of Chrysler's cars. Because these personalities lent their names to Chrysler products, Chrysler was no longer a faceless company where the customer dealt with unknown people unwilling to associate themselves

with the company. Chrysler suggested that because prominent people were now willing to assume the responsibility of standing behind its product, its reputation and image had changed for the better. The continuing impact of Iacocca, reinforced by significant others, was crucial to this effort.

Personalities such as actor John Houseman, former Dallas cowboy's running back Walt Garrison (Gray, "Star Power for Chrysler," Advertising Age, Sept. 7, 1981, p. 2), former baseball star Joe Garagiola (Ad for Chrysler products, Time, April 23, 1979, pp. 18-19), former astronaut Neil Armstrong (Gray, March 26, 1979, p. 83), actor Ricardo Montalban (Ad for Cordoba, Time, Nov. 19, 1979, pp. 94-95), and singer Frank Sinatra, for whom the Imperial FS was named (Gray, Sept. 7, 1981, p. 71), promoted Chrysler products in magazine, newspaper, and television advertising. It should be noted that Frank Sinatra took a mere one dollar a year for his promotion of Chrysler products. Chrysler's chairman, Lee Iacocca, was also a spokesman in Chrysler's ads (Gray, Feb. 18, 1980, p. 20). The fact that a specific person was willing to assume responsibility for Chrysler's quality met with a positive response from the audience.

The association of prominent individuals with Chrysler's products was designed to emphasize the transformed nature of its products. In other words, they

now were good enough that people were willing to have their names associated with them.

Act-Purpose Ratio

Act-Purpose utilizes two arguments:

1. the Moral purpose dealing with the abstract obligation: We 'ought' to do the right thing, and
2. the Natural purpose, which argues that we must conform to the 'order' of things, fidelity to the dictates of Nature.

Perhaps the Moral and Natural implications can best be explained with the use of environmental arguments. This writer will show what Chrysler considered to be the most potent environmental arguments about its corporation. Baron K. Bates, Vice President of Chrysler Public Relations, has refuted the arguments with Chrysler's own facts and findings.

ARGUMENT #1: Chrysler was violating the altar of free enterprise with its request. It was setting a bad precedent that would be followed by other companies whenever they got into trouble.

FACT: Before Chrysler went to Washington, there were \$409 billion of federally guaranteed loans outstanding. The corporation broke no

cherished precedent. Bates maintained that every sector of the economy received federal grants or guaranteed loans long before Chrysler did. Farmers, oil companies, electrical companies, ship builders, airlines, college students, small businessmen--thousands of good, solid Americans across the country have received federal loan guarantees. They just wanted their share (B. K. Bates, "Wrestling with Conventional Wisdom," Nov. 14, 1983, p. 9).

ARGUMENT #2: Chrysler did not deserve to be saved. It had been guilty of mismanagement, and it should pay the price: survival of the fittest.

FACT: This was the toughest of all, because it was so complex, and the press did not like complex answers. Chrysler's Public Relations Department prepared detailed analyses of all the actions that management had already taken to raise the cash necessary to compete aggressively in North America. Chrysler told the press it had sold Chrysler Europe to Peugeot and its holdings in Africa, South America and

Australia. Chrysler had closed out its marine business and its air conditioning business. Chrysler had cut back, borrowed to the hilt, invested in new plants and products--to the extent of its ability, but it still came up short of money.

Chrysler told the press that the problem was structural and that it was built into its business. Chrysler told them that GM and Ford would be right behind it in its financial collapse. Chrysler said that the industry as a whole could not afford to double its investments to meet the nation's fuel economy standards, and still carry the cost of additional emissions controls and safety requirements mandated by the government.

Bates accused the press of not believing in Chrysler's integrity:

They didn't believe us. They do now! But they didn't then. And there is a strong Puritan heritage in this country that says somebody has to pay for our sins. People want a scapegoat. So we gave them one. John Riccardo stepped aside as Chairman of the Board, announcing that his retirement would remove the target of everyone's wrath, and we could then get on with the job of addressing the real issue. It was a noble thing to do, and it worked (Bates, Nov. 14, 1983, p. 10).

ARGUMENT #3: Chrysler Corporation missed the boat on product. The Japanese saw the switch to

small cars coming; they were smart and we were dumb.

FACT: The Chrysler Corporation answered the accusation with an Act-Purpose ratio argument which said (in effect) that the first law of business is survival. Survival means adaptation to the exigencies of the market. The Japanese have not 'adapted' to the market; their recent prosperity is an accident. The Japanese and Europeans have always had small cars. They went from bicycles to small cars after World War II, and gas has always been expensive for them. And fuel-efficiency has always been an important feature in their cars ("Wrestling," p. 10). In January of 1979, before the Iranian crisis, there were 700,000 little Japanese cars sitting on the docks in California, unsold. They could not give them away. And the U.S. builders--G.M., Ford, and Chrysler--were responding to a market for bigger cars, and doing pretty well at it. The reason was simple. Gasoline was 65 cents a gallon, controlled by the U.S. government (Bates, Nov. 14, 1983, p. 10). Then the Shah of Iran left town. Panic

struck the people of America. Gasoline went to \$1.25 a gallon; fuel was misallocated by the U.S. government. There were long lines at the gasoline pumps. Those 700,000 unsold little Japanese cars suddenly went on the black market at a thousand dollars over list.

Those are the facts Bates presented to the Public Relations Society of America, Houston chapter. Those are also the facts Chrysler is still delivering, because a lot of those environmental arguments still exist. These facts were in Chrysler's advertising, its speeches, its magazine and newspaper interviews, and its articles.

On November 14, 1983 Bates declared: "In many ways, and from almost every perspective we have the job done. We've turned the company around. We've installed new management. We've cut our overhead to half of what it was. We learned to survive in the lousiest auto market in 23 years." It was done with decisive action by top management, and with the explanation of those actions to the American public in an honest and straightforward manner (Bates, Nov. 14, 1983, p. 15).

The Chrysler story has two important lessons:

1. Chrysler professed to have learned that domestic remedies are inadequate for the new international marketplace. Unilateral action cannot hope to counter the melange of acts by a multiplicity of economic rivals.
2. Most importantly, however, Chrysler showed that with innovation--fierce determination--with an across-the-board 'equality of sacrifice'--and with the cooperation of management, employees, and government --people can change things, people can turn a business around.

American Appeal

A final major strategy used by Chrysler was an attempt to show it as a leader not only in manufacturing cars, but also in terms of its ability to lead America in the fight to overcome the threat posed by foreign oil. This appeal to Americanism and use of a scapegoat in the form of foreign oil began appearing in Chrysler's advertising in the fall of 1980. In ads introducing the Plymouth Reliant-K, they headlined, "The K Cars are Here," and the K, which was red-and-white striped and contained Chrysler's pentastar logo in blue, took on an all-American look. "The American way to beat the pump" was the slogan used in the ads for Plymouth Reliant-K (Time, Nov. 10, 1980, pp. 53-54), "With Aries-K pulling for you, America's not going to be pushed

around anymore" (Ad for Dodge Aries, Time, Oct. 13, 1980, pp. 94-95). Thus, Chrysler invited consumers to participate in the national mission of gaining energy independence.

At the end of 1980, a new version of this American appeal and victimage of the foreign--particularly foreign oil--was introduced. An ad for Plymouth front-wheel-drive cars declared, "If everyone drove a Plymouth front-wheel-drive car, America wouldn't have to import one drop of OPEC oil for gasoline." A footnote in the ad further explained that "44% of our OPEC is made into gasoline" (Ad for Plymouth Front-Wheel Drive cars, Time, Dec. 15, 1980, p. 4). The timing of these ads corresponded with the holding of American hostages in Iran, and thus made an even greater appeal to American patriotism and the scapegoat of foreign oil and foreign evil more vivid.

Dissociation from Japanese Products

This strategy, which contradicted Chrysler's strategy of association with the Japanese, began in the summer of 1980, although ads in which an association with the Japanese was stressed continuously to run simultaneously. Toward the end of the period, during which the loan was in force, apparently Chrysler felt confident enough in its own ability to produce automobiles that it no longer had to rely on its Japanese imports for an image of quality and desirability.

One series of ads emphasized a severing with the Japanese with the slogan "The New Chrysler Corporation has the front-wheel-drive cars to challenge the imports." In these ads, a test panel was reported to have preferred Chrysler products to those sold under Japanese labels when comparisons were made between the Plymouth Horizon and the Datsun 510 (Ad for Plymouth Horizon, Time, July 14, 1980, p. 55), the Plymouth TC3 and the Toyota Corolla (Ad for Plymouth TC3, Time, July 14, 1980, p. 57), and the Dodge 024 and the Datsun 200 SX (Ad for Dodge 024, Time, July 14, 1980, p. 59). In general, the theme was even more evident in an ad for the Chrysler Corporation in early 1980: "K cars are the proof . . . you don't have to be Japanese to build quality cars" (Ad for Chrysler Corporation, Time, Feb. 23, 1981, inside front cover). This strategy completed a two-step sequence of rebuilding Chrysler's quality image:

- 1979: 1. We sell Japanese cars built by a manufacturing company with a reputation for quality
- 1981: 2. Now we build cars of the same high quality as the imports we sold before.

Appeal to Hierarchy or Excellence

Chrysler's ads during the period of the guaranteed loan included numerous comparisons of its products with those of other auto companies, designed specifically to demonstrate the superiority of Chrysler's cars over the

others. The effort here was to show that Chrysler did, indeed, deserve a high ranking--if not the top slot--on the hierarchy of automotive manufacturers. We build, design, in order to achieve excellence, and by buying Chrysler, you can act to celebrate too.

Chrysler compared its cars to those of others in various areas. The space in a Dodge Aspen, for instance, was described as 'interior space that's bigger than a Cadillac Seville's in seven out of eight important people measurements" (Ad for Dodge Aspen, Time, April 17, 1978, pp. 16-17). Price was also the basis for a comparison; an ad for the 1979 Chrysler asserted, "At \$6,762, the Chrysler Newport shown is sticker-priced like a comparably equipped Chevy Caprice" (Ad for Chrysler Newport, Time, Feb. 26, 1979, pp. 22-23). Luxury features were compared in other Chrysler ads. "We built Chrysler New Yorker to compete with Buick Electra. Most owners put it in a class with Cadillac or Lincoln," a Chrysler engineer was quoted as saying in one ad (Ad for Chrysler New Yorker, Time, Nov. 5, 1979, pp. 54-55). Manufacturing was the criterion for comparison in other ads. One headline of an ad read "The New Chrysler Corporation Has 1 Billion Miles More Front-Wheel-Drive Experience Than Toyota or Datsun. Ford Doesn't, GM Doesn't" (Ad for Chrysler Products, Time, June 16, 1980, p. 43). In sum, Chrysler tried in several ways to demonstrate its

superiority over the cars offered by other companies, all of which were important considerations for the prospective car buyer. In order to do this, from the perspective of the Act-Purpose ratio, Chrysler utilized two arguments: Moral and Natural purpose.

Act-Agency Ratio

Act-Agency refers to a rationale for action characterized by process. It places faith in a program. Recently a major high tech company proclaimed that 'the system is the solution.' During the 1980 presidential campaign, Teddy Kennedy told voters it was now time for the nation to embark on national health insurance. The reason for this commitment did not lie in a new feeling of compassion nor in a new awareness of the problems of indigent sick people nor even in the sky-rocketing costs of health care. The reason for the commitment to national health insurance lay in feasibility, economy and practicality of Kennedy's program. In other words, the agency now made possible a program that had long been desirable. When coaches justify their actions in terms of a training system, when financial analysts make recommendations in light of their tested programs, when Harvard boasts of its unique synthesis of tutorial and lecture discussion as a design for liberal education, these entities are justifying their acts in terms of agency. The

idea of a program appeals to the American faith in system, rationality and order.

Thus Chrysler's public relations department seemed to grasp the persuasive power of presenting a recovery package that appeared well thought of, carefully designed, and in line with the conventional values of the body that was making the loan--the U.S. Congress.

Management implemented its program. Employees--both union and non-union--made salary concessions. Chrysler's 4,000 dealers and 20,000 suppliers gave the company new terms; state and local governments helped out, and the bankers restructured the company's debt. The term 'Equality of Sacrifice' entered the national vocabulary.

Chrysler's dedication to its program was demonstrated by many anecdotes circulated about its ability to overcome adversity. Thus, the public was told that the company continued to be committed to its 'program' despite rumors, bureaucratic red tape imposed by the government (another kind of agency and to Chrysler's mind a largely negative one) and in one specific instance, despite a fire in the spring of 1979. Had the fire reached the papers on the 33rd floor of the Westvaco Building in New York, the Chrysler Corporation would have perished with them (Tolley, Sept. 27, 1983, p. 7). Fortunately, by 2:00 a.m. the fire was out, and the Chrysler people walked up 33 flights to

procure the documents. They stuffed them into boxes and supermarket-type mail carts, and then they made a procession up the middle of Park Avenue to another building, where they worked through the night to finish the job (p. 7).

There was another agency that played a role in the Chrysler story. This was the federal government. Sympathy for Chrysler among consumers and investors could easily be generated in the climate of 1979 to 1983. In 1976 James Earl Carter, and in 1980 Ronald Reagan had campaigned against this government AGENCY. They had castigated Congress for its inefficiency and lack of discipline and they had entertained crowds by talking about the evils of bureaucracy.

Thus, Chrysler Public Affairs people could wage a campaign in Washington to obtain federal help and castigate Washington at the same time. The task was not easy. While the Chrysler people were building a case for federal help, they also had to respond to those who opposed their request for that government assistance. Powerful members of Congress, much of the press--including The Wall Street Journal--and nearly the entire business community were on record against the proposal (Tolley, Sept. 27, 1983, p. 8).

Chrysler allowed another story to circulate, a story appropriately emblematic of its ability to survive adversity. For example, Steve Miller, Chrysler's Executive

Vice President for Finance, was responsible for working out a deal that would be acceptable to every one of the 400 banks that had loaned the company more than \$4 billion. As Miller told it, he could not get them to agree on anything. Thus, he went to a meeting in the spring of '79, and announced that at 9:30 that morning, Chrysler had filed for bankruptcy. He let the shock take effect. Then he reminded them that it was April Fool's day. Miller said that the Americans laughed mostly in relief but the European bankers, still stunned, continued staring at the wall. They had never heard of April Fool's Day (Tolley, Sept. 27, 1983, p. 6).

Within two hours of Miller's prank, all the bankers reached an agreement. However, that did not finish the process. It took 50 law firms two months to draw up the papers. There were about 10,000 documents involved. Treasury Secretary Bill Miller called it "the most complex financial transaction in American history" (Tolley, Sept. 27, 1983, p. 6).

The night before the closing, the bulk of the documents were gathered on the 33rd floor of the Westvaco Building in New York City, across the street from the Waldorf-Astoria. As the lawyers were attending to final details, the fire mentioned broke out on a lower floor, and the building had to be evacuated.

Criticism by the press was the impetus for Chrysler's Public Affairs Department's developing a very substantial rationale for government assistance and the logic of subsequent acts. First, Chrysler pointed out that its predicament was not wholly the company's fault. The federal government itself had helped to bring the crisis about by imposing regulations on automakers, without regard for a company's ability to handle the costs of development and manufacture to meet the requirements. At Chrysler, it means that already scarce product development dollars had to be spent to comply with the government's requirements and timetables. Development costs needed to be covered by sales--and fewer units sold meant more dollars per unit added to other costs--and soon, that priced Chrysler above Ford and GM; so sales decreased further (Tolley, Sept. 27, 1983, p. 9).

Second Chrysler Public Affairs emphasized again and again that loan guarantees did not mean that the company would receive so much of a penny of public money. Chrysler would be borrowing private funds, and the company would still be responsible for the interest on these loans. As Tolley put it:

In essence what the Loan Guarantee Act did was help Chrysler to obtain those loans by having the U.S. government cosign the notes. And for that assistance Chrysler, in turn, would pay a million dollars a month for the administrative costs of the

government's Loan Guarantee Board. As things turned out, the administrative costs never even approached the million dollars per month. Yet that's what Chrysler paid since the Act was passed. So in effect, the Chrysler loan guarantees didn't cost the taxpayers one cent; they've even made a profit on the deal (Tolley, Sept. 27, 1983, pp. 9-10).

Third, Chrysler Public Affairs pointed out to everyone that there was nothing new about federal loan guarantees. In fact, according to the Office of Management and Budget, federal loans and loan guarantees to private business and public programs amounted to \$409 million in 1980. Recipients have included steel companies, chemical companies, airlines, ship builders, farmers, home builders, small businessmen, and college students (Tolley, Sept. 27, 1983, p. 10).

Consequences for Buying a Chrysler

The following consequences for buying a Chrysler were:

1. Rebates
2. Money-back Guarantees
3. Featuring of Gas-Mileage Ratings

Rebates

With the first offering of customer rebates, in the summer of 1979, Chrysler continued to transform its image. These rebates acknowledged that the potential buyer may not want to buy a Chrysler car on the basis of its quality or

reputation, but may be encouraged to overlook some of the negative aspects of Chrysler's cars if the price were low enough.

The rebate program began with a campaign billed as "The Great Chrysler Plymouth and Dodge Inventory Reduction Sale," with ads offering a \$400 rebate on selected cars and trucks (Ad for Chrysler products, Washington Post, Aug. 18, 1979, p. A22). In television commercials, Joe Garagiola listed the names of the various Chrysler vehicles and repeated the rebate offer with each one: "Get a Chrysler Newport . . . get a check; get a Dodge St. Regis . . . get a check," etc. ("Chrysler Resorts to \$400 Rebates," Advertising Age, Aug. 20, 1979, p. 64).

In November, Chrysler began to offer rebates of \$300 to the first 100,000 buyers of its 1980 models of domestic cars and trucks except Omni and Horizon. Presented as a 'special introductory offer,' the rebate program was the first in which rebates were offered on just-introduced new models; it followed a 57 percent drop in October sales (R. Gray, "Chrysler Again Forced to Turn to Costly Rebates," Advertising Age, Nov. 12, 1979, p. 3). In December 1980, Chrysler continued to offer rebates on its new models (J. Koten, "Chrysler Links New Rebate Program to Prime Rate; Ford's President Trims Forecast for '81 Industry Sales," Wall Street Journal, Dec. 5, 1980, p. 3).

At the beginning of 1981, Chrysler's rebates adopted a new form--a 7 percent interest allowance, in which 7 percent of the sticker price was deducted from the price of the car. The ads stated, "There's never been a better time to buy a Chrysler," since the "7% Interest Allowance Plan . . . puts money back in your pocket" (Ad for K-Cars, Time, Jan. 26, 1981, p. 2). At the same time, a new twist to the ads was introduced--a customer did not even have to buy a Chrysler to get a rebate: "We'll give you \$50 to test drive any new 1981 Chrysler, Plymouth, Dodge car, truck or van . . . Then compare them to any Datsun, VW, Chevy, Ford--any competitive car or our car within thirty days and you've got yourself \$50 (Ad for Chrysler products, Denver Post, April 17, 1981, p. 12).

In a 30-day test of this offer in Kansas City in January, Chrysler signed up another 1,000 shoppers and sold 678 of the Chrysler cars (L. M. Apar, "Chrysler Offers 'Money-Back Guarantee' and \$50 Test Drive in Innovative Effort," Wall Street Journal, Jan. 25, 1980, p. 4).

Although the rebates were successful as a short-term sales gimmick by generating immediate revenue and helping to sell Chrysler cars (A. Pasztor, "Chrysler Says It Faces Tight Race to Win Pledges to Match \$1.5 Billion in U.S. Aid," Wall Street Journal, Nov. 5, 1979, p. 2), they reduced

the profit margins on cash sales and lessened Chrysler's working capital.

Money-Back Guarantees

Money-Back Guarantees, initiated in January 1980, helped achieve a new identity for Chrysler. According to Foss, this was an unprecedented strategy for an automobile company and one that had long been ridiculed by auto executives as unworkable (Foss, p. 84). In contrast to the symbolism of the rebate offers, this strategy connoted great confidence in Chrysler's products by the manufacturers and dealers. "We build and back our cars to guarantee your satisfaction," stated a 1980 ad. "When you buy a new car from New Chrysler Corporation, there is no risk. If you're not happy, for any reason, we'll take the car back . . . and give you your money back" (Ad for Chrysler products, Time, July 28, 1980, p. 67). An ad for Plymouth Reliant-K in that same year also offered the guarantee: "So confident are we of Reliant's quality, that it comes with a 30 day/1,000 mile money-back guarantee" (Ad for Plymouth Reliant-K, Time, Nov. 10, 1980, pp. 53-54).

"This is going to revolutionize the way cars are bought, sold and traded in this country," commented Bryan Wilkinson, a Chrysler-Plymouth dealer in Salt Lake City, who said the concept got his business off to its best start in years (L. M. Apar, "Chrysler offers 'Money-Back Guarantee'

and \$50 Test Drive in Innovative Effort," Wall Street Journal, Jan. 25, 1980, p. 4). Chrysler hoped the guarantee would revitalize its image as well, for with that, Chrysler took full responsibility for the quality of its products.

Featuring of Gas-Mileage Ratings

To illustrate its position near or at the top of automobile company hierarchy in terms of the gas mileage of the cars it produced, even before the loan guarantee, a common strategy for Chrysler was to feature the gas-mileage ratings of its cars. Mileage figures were shown in Chrysler's ads in bold type (Time, Feb. 6, 1978, pp. 40-41), enclosed in a square (Ad for Chrysler LeBaron, Time, April 17, 1978, inside front cover), or set in a circle (Time, April 17, 1978, pp. 16-17).

High gas mileage was featured in the headline or text of other ads. "Introducing our mileage champ," read an ad for Plymouth Champ (Time, Nov. 20, 1978, pp. 128-129), and "Mileage that's a real 'pick-me-up'" was the description used in an ad for the Plymouth Arrow pickup (Ad for Plymouth Arrow Pickup, Motor Trend, December 1978, n.p.). After the loan agreement, the same theme was intensified. An ad for Chrysler products in general carried the heading, "Shopping for a 25 est. mpg car? Come to Chrysler." The ad continued, "If you want high mileage . . . come to the mileage maker" (Ad for Chrysler products, Time, May 28,

1979, pp. 58-59). In a general image-building ad for Chrysler cars, the question was specifically asked, "Is Chrysler building gas guzzlers?" "The fact is," was the response, "that Chrysler has the best average gas mileage of the Big 3" (Ad for Chrysler Corporation, Time, Aug. 27, 1979, pp. 16-17). Thus this overt strategy endeavored to counter Chrysler's image as a producer of large, gas-guzzling cars.

In summary, this chapter described the nature of the dramatistic pentad, its parts, and the ratios of its parts. This writer selected four Burkean ratios: Scene-Act, Act-Agent, Act-Purpose, and Act-Agency--that she felt could best explain and assess the rhetorical nature of the Chrysler bail-out program before and after the federal loan guarantees. Further implications of Chrysler's rhetorical effects will be discussed in Chapter 5.

CHAPTER 5

RHETORICAL EVALUATION

What does the Burkean analysis of the Chrysler campaign reveal? First of all, the campaign used multiple appeals and heuristic perspectives that shifted from audience to audience over a period of time. During the campaign, Chrysler's perceived economic health altered dramatically; thus, it is useful to list the hierarchy of arguments before the loan and after the loan (shown in Table 2).

As one would surmise from the two Burkean models, this writer repositioned the ratio of Scene (Victimage) from the top of the model, Before the Loan, to the bottom of the After the Loan model. It was obvious that Chrysler shifted its strategy. It began to change its image from a company that produced cars that consumers were hesitant to buy to one of leadership and viability and thus, found the focus on the role of victim less appropriate. Instead, it attempted to portray the company as assuming responsibility and maintaining high standards for its products.

Chrysler's use of strategies that conveyed idealism, confidence, and responsibility suggested that Chrysler's

Table 2. Hierarchy of arguments before and after loan.

Ratio	Line of Argument	Theme
Scene-Act	Circumstances	Chrysler is an undeserving victim.
Act-Agency	Cause	We have a plan, technology and strategy.
Act-Agency	Comparison, Model,	Because of who we are, we have leadership qualities.
Act-Purpose	Definition	Ideology (we do not violate free enterprise; we have not been irresponsible; we will do our duty).
Act-Agency	Comparison, Model, Similitude	We have great leadership and trust.
Act-Purpose	Definition	We did our duty. We did it for the nation.
Act-Agency	Cause	We have a workable plan.
Scene-Act	Circumstances	We triumph over adversity; we are winners.

image transformation and consequent ability to make a profit proved successful. The most frequently used strategy was one in which Chrysler took full responsibility for the production of high quality, desirable, and saleable products and set its own high standards for its products. A number of strategies fell into this category as Sonja Foss suggested--comparison with other companies' products, dissociation from Japanese products, featuring of gas-mileage ratings, personalities' endorsements of Chrysler's cars, money-back guarantees, and the American appeal (Foss, Winter 1984, pp. 79-84). With the use of these strategies, Chrysler not only showed a high degree of confidence in its ability to produce good cars, but the locus of control over Chrysler's operations shifted to Chrysler itself. In Weaver's terms, Chrysler used argument by genus or definition in these strategies, basing its advertising on a definition of what a car ideally is supposed to be and demonstrating that it was both establishing and maintaining the standards for this ideal (Weaver, The Ethics of Rhetoric, 1953, p. 86).

In its attempt to transform its image by redeeming itself from the past guilt and achieving its goal of financial success, Chrysler communicated two messages which were intended to make the public's perception of the company a positive one:

First, the bail-out communicated that the United States did not adhere to a totally capitalistic, free-enterprise system. The act falsified the notion that in America the market place imposed standards through the form of competition and if these were not met, the enterprise must go out of business as the rightful consequence. Of course, a pure capitalistic system in which the government does not interfere in the private sector had always been more of an ideal than a reality in the United States. The extension of a federally guaranteed loan to Chrysler reminded the American public of this fact, which it may not have wanted to confront explicitly (Foss, p. 87).

Second, the federally guaranteed loan itself re-emphasized for Americans a theme that had been rampant in American culture for most of its history: 'bigger is better.' Moritz and Seaman explained this belief as espoused by Americans:

It is not just Detroit that taught Americans that everything large was adorable. There were few limits to the use and display of national wealth. The government built the freeways, towering dams and sprawling military bases. Houses grew larger and suburban yards stretched out to accommodate swings and greenhouses. . . . The pie was only getting bigger (Moritz and Seaman, 1981, pp. 341-342).

Not only did Chrysler itself represents big cars, great distances, and vast stretches of freeway, all further legitimized by the bail-out, but its large size was used to justify the bail-out. A song written by Tom Paxton, "I'm

Changing My Name to Chrysler," epitomized this symbolism of the bail-out: "If you're a corporate Titanic and your failure is gigantic/Down in Congress there's a safety net for you" (Tom Paxton, "I'm Changing My Name to Chrysler," 1980). Chrysler deserved to be saved because it was big, many argued; smaller firms would not have been able to receive the federal aid. Thus, the bail-out communicated to Americans the inequity and injustice inherent in American politics and economics.

In spite of the inequities of government, the federal bail-out gave Chrysler the opportunity once again to convey to the public that it was still a viable firm. Chrysler utilized its financial resources, mainly those from the federal government, and made them work profitably. It is in this way that Chrysler, between the year of 1979 and 1983, demonstrated a remarkable capacity for change. The company, at the very least, had succeeded in something that up until this time had seemed impossible: "It had distributed large economic losses and won sacrifices from all" (Moritz and Seaman, 1981, p. 347). It convinced us that the often-distrusted alliance of business, labor and government would, when pushed, work. Its transformation pointed to changing times, to a nation nudging its resources in a different direction, accommodating itself to a different role in the world economy and displaying willingness to

learn from countries it had once tutored. In its process of disputing the symbol of failure, Chrysler became a testament to change--a cause for immense optimism rather than deep despair.

The movement of agent ("we succeeded because of the kind of company we are") to the top of the hierarchy is not surprising. While it would be difficult to assess its effectiveness from the many accidental factors in the Chrysler turnaround, the appeal itself is in line with the present American faith in the efficacy of leadership and social organizations. It would be difficult to argue against the effectiveness of an agent appeal in the information age, an age which sets great store in centralization of information, executive action, and professional discipline. Rhetorical analysis, as always, holds the mirror up to societal values.

Because rhetoric is situational and opportunistic in argument, one must expect changing responses. For example, the Act-Agent moved to the top of the hierarchy after the loan. The history of the Chrysler Corporation, from Walter P. Chrysler to Lee Iacocca--indeed, the history of the American automobile industry demonstrated that, far more than institutions and strategies, it is men and their ideas who succeed or fail. Because the Chrysler Corporation was able to rise to the exigency of near bankruptcy, its success

profoundly changed the Burkean line of argument from that of Scene to Agent.

CHAPTER 6

SUGGESTIONS FOR FURTHER RESEARCH

The Chrysler campaign offers two research avenues for the rhetorical scholar. The first is heuristic. It concerns the internal dynamics of the text, the selection of persuasive appeals, the composing process and accompanying graphics, and all strategic decisions connected with the packaging and delivery of the message to the public. The second avenue of research has to do with audience effects. It concerns the relative impact of the message and the uses which people make of it.

The present study is of the first type. It is essentially a study of text. Although it frequently speculates upon the impact of various appeals, its method of analysis is rooted in the languaging devices of a text. Most of the suggestions which follow concern the second avenue of research: audience uses and effects.

Given Chrysler's data base, one might utilize empirical verification by testing the impact of Chrysler's advertising campaign on each of the nine publics it sought to influence: Consumers, Congress, Press, Financial Community, Dealers, Employees, Union, Suppliers, and Communities.

Or one might compare Chrysler's advertising strategies with actual consumer behavior over the course of the campaign.

A more microscopic look to research might be employed. For instance, the writer could elaborate on just one Burkean ratio he/she felt had the most effect on Chrysler's Ad Campaign. Or one might use only one prominent periodical, which appeared to be the most critical of the Chrysler bail-out such as The Wall Street Journal. Then one could compare and contrast its effect versus the paid advertising.

The researcher could test conclusions of the unpaid media versus the paid media's conceptions. Data for this could be gathered in a case history or in the interviewing process.

More specifically, one might statistically build a Regression Model (Time Series Model) by plotting 20 years worth of car sales prior to 1979. The vertical axis would represent dollar figures and the horizontal axis the years. Then one could plot a new scale of the same after the paid ad campaign has taken effect specifically for the years 1979-1983.

The following are possible outcomes:

1. If the paid ad campaign has done a wonderful job, sales may be steady.

2. The trend may be erased or there might be an upward trend.
3. The trend may go in another direction. For instance, sales may decline, but at an even faster rate or there might be no statistical difference.

This careful, long-term study would bring a new degree of precision to this area of scholarship, so much of which remains anecdotal.

Thus, from the Regression Scales, one is able to determine the trend components and the stationary components.

In terms of a validation study, one would need to investigate which events validate the appeals in the advertising campaign. For example, which company behaviors are most salient to validate the dominant appeals in its advertising? Such a study might contribute to our knowledge of how consumers use events to interpret media messages. Further, the slender literature on the 'rhetoric of the event' might be strengthened by a knowledge of how mass media packages events for viewers.

A demographic study may explore which ads appealed to which groups or which appeals affected which group. This might make a significant contribution to the search for rhetorical ideo topoi of cultural and ethnic groups.

An assessment can be made of altering the paid and unpaid media at two points in the campaign: one, early after the bail-out, the other at the time of Chrysler's repayment. The degree of alterations in the paid and unpaid media could be measured by a similarity of topics as measured by agenda setting. Agenda setting poses the questions: Which topics are spoken of, how extensively, and with what emphasis? The answers to these questions can provide a comprehensive, succinct statement about the social impact of the media used.

One might also examine the uses buyers made of the campaign. How did they use the messages to justify purchases to family, friends or co-workers? A semiotic approach might be employed to catalog the interaction between image and text to ascertain the ideological themes of the campaign. Most semiotic research has been dominated by Europeans with strong political affiliations. An American study might have fewer programmatic biases.

Finally, it must be apparent that there are far more questions than answers in the domain of campaign rhetoric. The field is barely beyond its infancy, and many studies await the ambitious scholar.

APPENDIX

ADVERTISEMENTS FOR CHRYSLER

CHRYSLER'S PROBLEMS ULTIMATELY WON'T BE
SOLVED IN CONGRESS, THE TREASURY OR THE
BANKS. BUT IN THE MARKETPLACE.

You've been hearing a lot about Chrysler lately.
Most of it bad.

We've lost a lot of money. And we've committed the
unpardonable sin of asking the government for help.

We've tried to answer your questions openly and
publicly. But bad news makes better newspaper copy than
good news.

You, the American car-buyer, are our constituency.
So that it is vital that we reach you with our side of the
story.

That Chrysler products are the right kind of
products. Not the wrong kind. That we're going to be
around to service them. For a long time.

That right now is a particularly good time to buy
Chrysler cars and trucks.

We need your business right now.

Because the only way Chrysler can solve its problems
is by selling its products.

In the marketplace.

ARE AMERICANS WILLING TO
BUY CHRYSLER PRODUCTS?

At the moment you're buying them at a record rate.

In the last ten days of August you bought 70 thousand cars and trucks. Our \$400 rebates are working. For the first ten days in September, the momentum is continuing. You bought another 35 thousand. The highest sales record for the period in Chrysler history.

Are Americans still willing to buy Chrysler products? You'll find the answer to that one in the marketplace.

ARE CHRYSLER PRODUCTS BEHIND THE TIMES?

Today we've got the gas conscious market that is moving to Chrysler's strength. Small cars.

In 1980 Chrysler will provide America with almost half a million 4-cylinder cars. And 750 thousand 6-cylinder cars.

With all our 4- and 6-cylinder engines, we estimate Chrysler will continue to have the highest average gas mileage of the Big 3 in 1980.

If you want to buy a gas guzzler, you'd better see somebody else. Not Chrysler.

In 1981, Chrysler will market a new fleet of front-wheel drive compacts.

These new Chrysler compact front-wheelers will have more room in than GM's X cars and still get an estimated 25 miles per gallon.

In all we will market about 1 million 4-cylinder front-wheel drive cars in 1981.

That's more than GM. More than Ford. More than anybody in America.

Chrysler will also offer you an efficient new luxury car in 1981. Equipped with the most advanced electronic systems standard.

If anybody is behind the times, it isn't going to be Chrysler.

DOESN'T CHRYSLER HAVE MORE PROBLEMS
THAT ANYONE CAN SOLVE?

For years Chrysler has built cars and kept them in a sales bank. Waiting for dealer orders.

When the gas crisis hit, the sales bank inventory shot up to 80 thousand units. That inventory cost us 100 million dollars in handling and interest charges alone.

Chrysler will build cars in the future to fill dealer orders. Not to fill parking lots.

Chrysler Leasing Corporation has the responsibility to sell its own used cars.

When the used car market collapsed in April, due to the energy crisis, it cost Chrysler 81 million dollars in losses. In June of 1980, we will be out of the used car business. For good. And leave it to our dealers.

Chrysler has had some very old plants that should have been closed years ago. Several of these have been or will be closed in the next six months. We will save 85 to 90 million dollars of premium costs.

We are taking the painful step of cutting our salaried work force by some 8500 people. For a savings of 204 million dollars annually.

But because nothing is more important in the market place than product quality, we have added 256 quality control people.

All in all, we have cut costs by more than 650 million dollars so far this year.

But not one cent has come at the expense of any future product programs.

That's a mistake Chrysler has made in the past. But not this time.

You have to know what your problems are before you can solve them. We know what they are. We know how to solve them.

JUST HOW MUCH HELP DOES CHRYSLER NEED?

We need the help of every American who has an interest in what happens to Chrysler.

We have asked our suppliers to absorb inflationary costs that represent a savings to Chrysler of more than 150 million dollars. Which they have done.

We have asked the UAW for a two year freeze on wages and benefits.

We have asked our banks and other lenders to keep in place our lines of credit of 4.8 billion.

We have asked the governors of states where we have major facilities for more than 300 million dollars in assistance.

We have eliminated all merit increases in salary. And two weeks ago we reduced the salaries of the top 1700 managers and executives by up to 10%.

Each year Chrysler must spend hundreds of millions to meet government regulations. GM spends huge sums as well but they can spread these expenses over four times as many cars for a much lower cost per unit.

We are asking the government for assistance in the form of loan guarantees. Subject to a payback of every dollar.

We are not asking for a hand-out or a bail-out.

We just want to compete in a free market on an equal basis.

More than anything else, we need the support of the American car-buyer. The prime beneficiary of fair competition in the marketplace.

IS CHRYSLER MANAGEMENT STRONG
ENOUGH TO TURN CHRYSLER AROUND?

Months before the President of the United States advised Chrysler to restructure its management, we went out and hired the best brains in the business.

We talked leading industry consultants into joining Chrysler full time. To improve manufacturing quality. And to put tighter controls on purchasing.

We hired young men of the highest potential away from some of our competitors to put some teeth in our marketing efforts. Men who will figure a dozen ways to do what everybody else says is impossible.

The new management of Chrysler is in a fighting mood. And a confident mood. There is not an ounce of quit in our make-up.

We are going to make it. And we are going to make it in the marketplace.

/s/ Lee A. Iacocca
Chairman, Chrysler Corporation

"The Marketing Miracle of Chrysler." The Journal of Consumer Marketing, Vol. 1, No. 2, Jan. 1984, p. 19).

DECEMBER 21, 1979:
THE NEW CHRYSLER CORPORATION
IS IN BUSINESS TO STAY:

On December 21, 1979, the Congress of the United States passed the Chrysler Loan Guarantee Bill.

The New Chrysler Corporation is in business to stay.

The jobs of 600 thousand workers have been saved. And so has the vitality of countless towns and cities across the country, and the existence of thousands of small businesses.

And with that act a special bond has been created between the American people and one of its major corporations. A bond that puts an obligation on The New Chrysler Corporation to turn itself around. For the sake of all those people with a direct stake in Chrysler.

And for the benefit of all Americans.

THE NEW CHRYSLER CORPORATION

The New Chrysler Corporation is a fifty-four year old company with a new lease on life. With the best of its traditions, its accomplishments, its capacities, and its engineering intact.

It is a dedicated work force.

It is a new product plan designed to provide more and more fuel efficient cars for an energy short America.

It is a new company determined to bet the competition on the basics. Better cars. Better serviced. As a matter of fact, we have improved the quality of our delivered products by 32 percent in just the last twelve months.

YOU CAN STOP WORRYING ABOUT CHRYSLER
PARTS AND SERVICE RIGHT NOW.
THE NEW CHRYSLER CORPORATION
IS IN BUSINESS TO STAY.

Chrysler has the most complete parts order system in the industry. And Chrysler backs that with the best automotive parts delivery system. With the best record for on-time deliveries.

Relative to our size. Chrysler operates the most extensive technical training program in the industry.

Chrysler is the only car company in America that offers a 5-year 50-thousand-mile extended service plan. Right now.

THE NEW CHRYSLER CORPORATION
IS OFFERING AMERICA'S GAS ENGINE
MILEAGE LEADERS. RIGHT NOW.

Plymouth Champ and Dodge Colt hatchbacks with standard 4-speed stock and front-wheel drive are America's gas engine mileage leaders.

The Dodge Omni and Plymouth Horizon are America's first front-wheel drive small family cars.

The Plymouth TC3 and Dodge 024 are America's first front-wheel drive sport coupes.

Chrysler has four of the top ten mileage cars. GM and Ford have none.

The New Chrysler Corporation is working day and night so America can stop waiting for high mileage cars. And start driving.

Right now.

THE NEW CHRYSLER CORPORATION
IS OFFERING AMERICA MORE VALUE
RIGHT NOW. THE ONLY 6 PASSENGER
CARS FOR UNDER \$5000.

Dodge Aspen and Plymouth Volaré are the only 6 passenger cars in America for under \$5000. That's more than \$800 less than the nearest competitive 6 passenger car. That's more value for your money than GM. More than Ford. More than anybody.

And we're not talking about stripped down cars. But Aspens and Volarés with automatic transmissions, power steering, white side-wall radials and a lot more.

What we're talking about is more value for your money. From The New Chrysler Corporation. Right now.

THE NEW CHRYSLER CORPORATION
HAS MORE NEW CARS THAN
ANYONE ELSE. RIGHT NOW.

The New Chrysler Corporation introduced not one, not two, not three, but four new car lines in October 1979.

An all new, smaller, but still luxuriously styled Cordoba. A new line of Chrysler Le Barons and Dodge Diplomats for those of you who want a smaller car that still has the feel and ride of your old big car. And an all-new personal car. Dodge Mirada.

More new cars. Right now.

CHRYSLER HAS SOLD MORE FRONT-WHEEL
DRIVE CARS THAN GM. MORE THAN FORD
EVEN DATSUN AND TOYOTA.

Chrysler introduced front-wheel drive to American small cars two model years ahead of the GM X cars.

And Chrysler is planning to be America's first all front-wheel drive automobile company.

The New Chrysler Corporation must make it in the marketplace. And we must make it against whatever odds.

America has given The New Chrysler Corporation breathing space.

Now watch us go.

/s/ Lee A. Iacocca
Chairman, The New Chrysler Corporation

"The Marketing Miracle of Chrysler," The Journal of Consumer Marketing, Vol. 1, No. 2, Jan. 1984, p. 19).

DOES CHRYSLER
WANT TO STAY IN BUSINESS
JUST TO BUILD
AMERICA'S GAS GUZZLERS?

Everybody knows why Chrysler is in serious trouble.

We're in trouble because we failed to recognize what America needed.

Because we failed to listen to the people.

Because we persisted in building big gas-guzzling machines, while the competition prudently downsized to smaller cars.

This is the myth. And it doesn't matter that there is little truth to it.

And the pundits have picked it up. And echoed it with a dogged persistence.

Chrysler has failed to do the right thing. And now we're doomed to perish for our sins.

This single myth has done more damage to Chrysler than any of our own mistakes. We think it's time somebody looked at the facts. And set them straight.

Who builds America's gas guzzlers? Who leads in fuel efficient cars? Who has been slowest to downsize? Who has been first with innovative engineering?

Maybe when enough people understand the facts--the facts about Chrysler, Ford, GM and the imports--we can put the myth to rest.

And Chrysler can get on with the job of building its share of the cars America needs.

DOESN'T EVERYONE KNOW
CHRYSLER CARS GET LOUSY GAS MILEAGE?

If you don't know that Chrysler has the best average gas mileage of the Big 3, that's our fault.

If you don't know that Chrysler has more models rated over 25 miles per gallon than GM, Ford, Datsun, Toyota or Honda, that's our fault.

If you don't know that Chrysler's percentage of small car sales to big cars is the best of the Big 3, that's our fault.

So far in 1979, Chrysler has sold less than 90,000 full-size cars. GM has sold over 950,000.

On the other hand, Chrysler has sold over 500,000 small cars. Not bad. For a company that's supposed to be in trouble for making gas guzzlers. GM with all its brands has sold less than 1,150,000 small cars.

It's not the responsibility of the media to report Chrysler's achievements. It's ours.

But it is the media's responsibility to deal with the facts.

AREN'T CHRYSLER'S BIG CARS TOO BIG?

In 1979 Chrysler took 800 pounds out of its

full-size cars. And improved gas mileage about 33 percent in one year.

The mileage was achieved without sacrificing any interior room, comfort or luxury.

Are Chrysler's big cars too big?

Imagine getting the room, ride and luxury of a full-size Chrysler with V-8 mileage that's rated as good as a small Camaro or Mustang.

Imagine a full-size Chrysler with mileage ratings as good as a much smaller 6-cylinder Granada, or even a Volvo

The Chrysler big cars are no bigger than anybody else's big cars. And they're a lot more efficient than some of the competition's smaller cars.

The cars with the poorest gas mileage ratings are not made by Chrysler. But by Ford and GM.

Are Chrysler's big cars too big?

Before you make that judgment, get the facts.

All the facts.

DID CHRYSLER WAIT TOO LONG TO DOWNSIZE?

Big cars are getting smaller to get better gas mileage. We all know that.

GM downsized their big cars in 1977. Ford and Chrysler in 1979.

Do you know why GM got there first?

GM could afford it. Ford and Chrysler couldn't.

And because GM was able to downsize its big cars sooner than Chrysler and Ford, GM has been selling more and more of America's big cars.

Big cars is where the American automobile business traditionally makes most of its profits. The profits needed to fund most of its programs.

Ironically, Chrysler is supposed to be in trouble because of too many big cars.

Part of Chrysler's problem is not that it sells too many big cars. But too few. Too few to generate the profits needed to meet government regulations. On the government timetable.

The costs for these programs fall equally on GM, Ford and Chrysler. But Chrysler sells fewer cars. So Chrysler costs per car for government regulations are \$200 to \$300 more than GM.

Government mandated costs are destroying the equity of the competitive system. GM gets bigger.

And as it does, Chrysler's problems get bigger.

ISN'T CHRYSLER BUILDING THE WRONG KIND OF CARS?

We know what you've been told.

But if Chrysler is not building the right kind of cars, we'd like to know who is.

One of the best ways to provide the gas mileage this

country needs is with small, front-wheel-drive 4-cylinder cars.

As of today, Chrysler is America's leader in small front-wheel-drive cars.

Chrysler introduced front-wheel-drive to American small cars in January 1978. With our efficient and roomy Omni and Horizon.

And that was two model years before GM--the self-proclaimed front runner--was able to get to market with its heavily publicized X cars.

By the end of this model year, Chrysler will have sold over a half-million front-wheel-drive 4-cylinder cars. GM doesn't come close. Neither does Ford, Datsun or Toyota.

And by the fall of 1980, Chrysler will market Dodge and Plymouth compacts with proven front-wheel-drive engineering. Equipped with 4-cylinder engines from our brand new 400 million dollar engine plant. These new compacts will provide about 35 percent better mileage than the cars they will replace. Yet they will be roomier than GM's X cars.

In all, Chrysler will be providing about 1 million efficient front-wheel-drive 4-cylinder small cars, including America's first front-wheel-drive station wagon.

That's front-wheel-drive leadership.

WHY DOES CHRYSLER WANT TO STAY IN BUSINESS?

We're going to get well. You have to believe we're going to get well.

Because it will be good for the automobile business. And for America.

Because 1 million front-wheel-drive cars for America is only the beginning.

What's more important for Chrysler, it's the beginning of a whole new Chrysler Corporation.

Chrysler will become the first total front-wheel-drive car company in America.

Chrysler engineers know what to do with technology. And they will do it. As they have in the past.

With small cars, mid-size cars, new trucks, vans. Even new concepts in luxury cars.

We will never sell the most cars. But we aren't going to be satisfied just hanging in there. Just staying alive.

We're going to be the best in class.

We want the consumer to know it.

We want the competition to know it.

If you could see what we have seen. If you could share our vision of the future.

You would know why Chrysler wants to stay in business.

/s/ John Riccardo
Chairman, Chrysler Corporation

/s/ Lee A. Iacocca
President, Chrysler Corporation

"The Marketing Miracle of Chrysler," The Journal of Consumer Marketing, Vol. 1, No. 2, Jan. 1984, p. 19).

THE MARKETPLACE SAID YES TO
CHRYSLER 205 THOUSAND TIMES

The best thing that could happen to Chrysler just happened. In the marketplace.

The American people bought 205 thousand Chrysler cars and trucks in less than six weeks.

205 thousand cars and trucks the self-styled experts said were wrong for America. That Americans wouldn't buy. ..

The American people obviously didn't agree. And they backed their opinion with hard-earned cash.

Not just Chrysler owners. But GM owners. Ford owners. Even import owners bought Chrysler cars and trucks by the tens of thousands.

Was it the \$400 rebates?

Hardly. Both GM and Ford gave their dealers millions and millions in incentives. To pass on to the American car buyer.

Given freedom of choice, the car buyer can be counted on to put his money on the best product at the best price. And Americans bought Chrysler products in record numbers.

Chrysler sales for the period were up 55 percent, an all time record. GM down 17.6 percent. And Ford down 14.1 percent.

And only Chrysler gained in share of market. We doubled our truck share versus the previous month. And increased our car share by 60 percent.

Chrysler's carryover inventory of 1979 cars is 60 thousand less than a year ago. That means now we can concentrate on selling our 1980 cars and trucks.

What sells best in the car business is new products. And Chrysler has more all new products than anyone else. A smaller but still luxuriously styled Cordoba. A new line of Chrysler LeBarons and Dodge Diplomats. And an all new personal car. Dodge Mirada.

Chrysler has the only 6-passenger cars in America for under \$5,000. Aspens and Volarés with automatic transmissions, power steering, white side-wall radials and a lot more.

For 1980 the Plymouth Champ and Dodge Colt with 4-speed manual are America's gasoline-engine mileage leaders. In fact, Chrysler has four of the top ten EPA rated mileage cars. GM and Ford have none.

The Dodge Omni and Plymouth Horizon will continue to give Chrysler front-wheel drive leadership in 1980.

But more important to us than anything else, Chrysler has momentum in the marketplace.

And we intend keeping it.

We're delighted with the vote of confidence the American car buyer has given Chrysler in the last six weeks.

America, we thank you.

/2/ Lee A. Iacocca
Chairman, Chrysler Corporation

"The Marketing Miracle of Chrysler," The Journal of Consumer Marketing, Vol. 1, No. 2, Jan. 1984, p. 19).

WOULD AMERICA BE BETTER OFF
WITH OUT CHRYSLER?

It's a fair question.

You've heard from all the pundits, the instant experts, and the vested interests. They all have their favorite version of what's wrong with Chrysler.

Now we'd like to set the record straight.

We've made our share of mistakes in a tough competitive business and we're willing to accept responsibility for them.

But to turn our back on 140 thousand of our own employees would be irresponsibility.

To close the doors on 52 American communities in which Chrysler is a major factor of the local economy would be irresponsibility.

To deny employment to the 150 thousand people who work for the dealers who sell Chrysler products would be irresponsibility.

To curtail the income of the hundreds of thousands who supply goods and services to Chrysler would be irresponsibility.

WOULD AMERICA BE BETTER OFF WITH
A BIG 2 INSTEAD OF A BIG 3?

When it comes to competition, more is better than less.

A Big 3 means you have more choices. More products, more innovations of which Chrysler has delivered its fair share, and then some, over the years.

Example: Chrysler was first with a solid state electronic ignition system as standard equipment.

But the Big 3 or the Big 2 has its real meaning only in terms of people. People who have jobs. People who pay taxes to America and to the communities in which they live. A Congressional Budget Office study shows that people with jobs at Chrysler, or jobs that depend on Chrysler, contribute 11 billion dollars each year in tax revenues to our country. Without those jobs they would be collecting 2 billion dollars instead in unemployment benefits.

So you'd have to say that a Big 3 contributes a lot more to the health of the American economy than a Big 2.

IS CHRYSLER BUILDING GAS GUZZLERS?

A lot of people who should know better have been peddling this myth.

The fact is that Chrysler has the best average gas mileage of the Big 3.

Chrysler has more models rated 25 miles per gallon or better than GM, Ford, Datsun, Toyota or even Honda.

We also have one of the industry's most proven 6-cylinder engines in the efficient Chrysler Slant 6. The

Slant 6 is standard in all our current compact and mid-size cars. Even in many of our full-size cars as well.

And Chrysler's percentage of small car sales to big cars is the best of the Big 3 by far--not the worst--as some would have you believe.

Over 87 percent of the cars Chrysler builds are not big cars at all--they're mid-size or smaller.

So let's put to rest the myth that Chrysler is building the wrong kind of cars.

To date we've built more of the right kind of cars than anyone else.

We were in the market two years ahead of General Motors with America's first front-wheel drive small cars: the roomy and efficient Omni and Horizon.

However, we lacked the resources to build our own 4-cylinder engines. We felt it was important to get these cars to the American people in the shortest possible time, so we reached an agreement to buy up to 300 thousand engine blocks a year from Volkswagen.

As a result, our production has been limited by the availability of these engines. We apologize to all the people who have had long waits for their Omni or Horizon.

We will eliminate the engine shortage during 1980 when our new 400 million dollar engine plant starts turning out our own 4-cylinder engines.

In 1981 we will bring to market a new fleet of compact-size front-wheel drive cars including the first American front-wheel drive station wagons. This one car line alone represents a 1 billion dollar investment.

Our engineering tests project that these cars will have an average fuel economy rating of over 25 miles per gallon. Yet they will have more room inside than GM's new X cars.

In all, Chrysler will be providing about one million efficient front-wheel drive vehicles to continue its leadership in front-wheel drive.

WHAT IS CHRYSLER ASKING FOR--A HANDOUT?

No.

We're asking the government to help us offset the heavy cost of regulation.

This is a bad year for the automobile industry. And a worse year for Chrysler. First, gas lines flattened sales of almost all cars except the smallest. Now the country is moving rapidly toward a recession. Even GM is having difficulty moving large stocks of full-size cars.

But GM can weather the storm better than Chrysler because they can distribute the costs of regulation over a lot more cars. For example, studies indicate that Chrysler costs per car for government regulations are \$200 to \$300 more per car than for GM.

As a result, interest costs for Chrysler average about \$125 per car, but only \$10 per car for GM.

Those differences alone are staggering for Chrysler.

Because of the hundreds of millions committed for new plants and new products, and the hundreds of millions invested to meet regulations, Chrysler faces a temporary shortage of funds. Chrysler has no choice but to seek temporary assistance from the heavy burden regulation places on us. We want equity restored to the competitive system because the system is anti-competitive as it stands now.

We're not asking for a hand-out, a bail-out, or welfare, Chrysler is asking for temporary assistance for 1979 and 1980 equal to the cost of meeting government regulations for these two years.

It will not cost the taxpayer anything because Chrysler will repay the government out of future profits.

HAS CHRYSLER DONE EVERYTHING IT CAN TO HELP ITSELF?

We have restructured all our overseas investments to generate new working capital so we can concentrate on the North American market.

We have mounted an all-out effort to get record financing for programs that will make us competitive and profitable.

We have become more efficient by eliminating duplication, cutting expenses and introducing innovative and even unconventional programs. In fact, we have reduced our costs by \$500 million so far this year.

We've added top level marketing management.

We've hired the best brains in the business to improve manufacturing quality, and to put tighter controls on purchasing.

Our dealers and our suppliers have given Chrysler strong commitments to support.

DOES CHRYSLER HAVE A FUTURE?

You can count on it.

Seventeen million Chrysler owners can count on it.

Our 4700 Chrysler-Plymouth and Dodge dealers can count on it. Our employees can count on it. Our suppliers can count on it.

The concerned citizens of 52 communities whose livelihoods are closely tied to Chrysler can count on it.

And the competition can really count on it.

We have in place for 1980 and 1981 the programs, the products and the management Chrysler needs to be competitive, to sell cars, to meet our obligations, to become profitable.

We've been in business for fifty-four years, and almost all fifty-four have been profitable.

We plan to be around at least another fifty-four.

You can count on it.

/s/ John Riccardo
Chairman, Chrysler Corporation

/s/ Lee A. Iacocca
President, Chrysler Corporation

"The Marketing Miracle of Chrysler," The Journal of Consumer Marketing, Vol. 1, No. 2, Jan. 1984, p. 19).

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