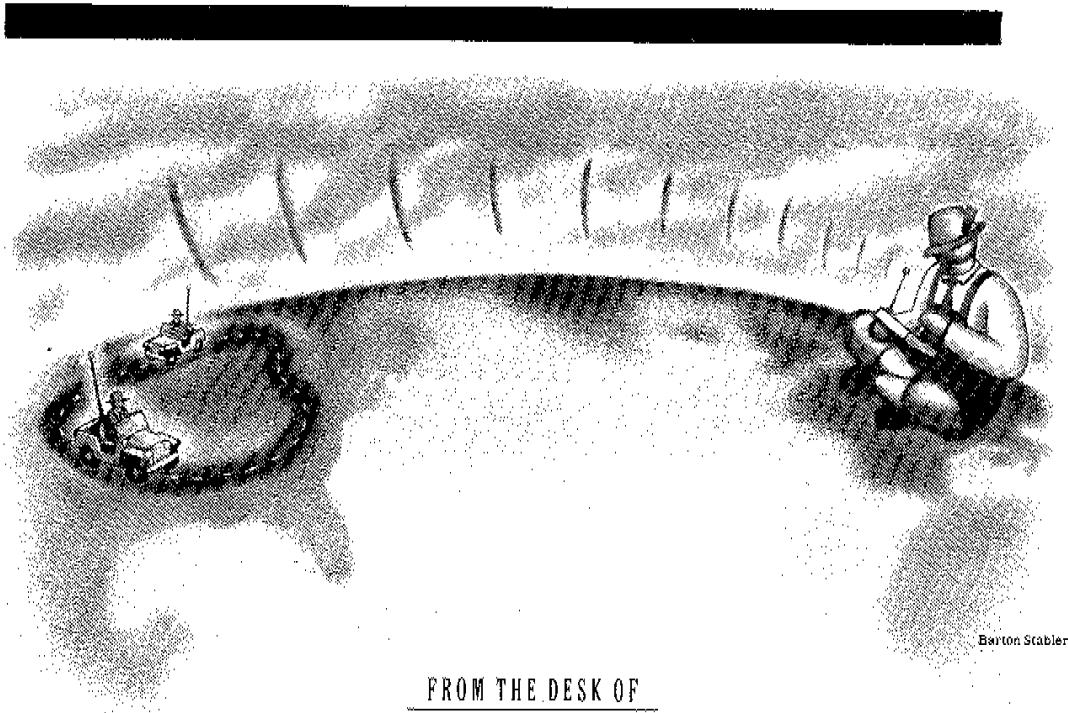


Today: Sunny, very warm upper in Michigan. Otherwise, sunshine mixing with clouds. Isolated thunderstorms developing. Highs upper 70's to upper 80's. Weather map, page C31.



Barton Scabier

FROM THE DESK OF  
GERALD C. MEYERS

## Unseen Strings of the Chrysler Deal

**T**HERE is an old story about a couple celebrating their golden anniversary. Asked the secret to a successful marriage, they smile and reply, "low expectations."

If that is true, the link-up of Daimler-Benz, the No. 1 German industrial company, and Chrysler, the No. 3 Detroit auto maker, is off to a bad start. We are told this marriage is made in industrial heaven. Jürgen E. Schrempp, chairman and chief executive of Daimler, hailed the proposed union, proclaiming, "Today we are creating the world's leading automotive company for the 21st century."

Maybe so, but the merger also eliminates a colorful American automobile competitor. Seventy-three years after Walter P. Chrysler rescued the remains of the Dodge brothers' empire, Chrysler will soon be no more. Its final stockholders meeting was held in Colorado last Thursday in a most unremarkable fashion.

As the Champagne bottles empty, one is left with a queasy feeling about the hyperbole — and the economic sense of the deal.

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Annual cost savings of \$3 billion are promised, for example, but no manpower reductions. Nice trick, but unlikely. The problem with this combination is that there is little overlap. Giant economies are possible in mergers in which the partners duplicate activities or one company is woefully inefficient. But there is little duplication between Chrysler and Daimler, and neither will acknowledge deficiencies.

Of course, some economies are possible almost instantly by, for example, pitting parts supplier against parts supplier to obtain the sweetest deals. Such steps have been taken at Chrysler, but Daimler will find highly competitive, American-style purchasing methods to be slow going against cartel-like German vendors.

But how about sheer size? Can't a big company do things that a small one cannot? To be sure, Chrysler's American banks will be more comfortable with Daimler around. But Chrysler is doing very well on that score already. Who needs Daimler?

That brings us to people, decision-making and morale. The honeymoon is likely to last a year or so — if the auto market stays strong.

In the next recession, jobs will have to be cut and capital rationed. Wielding the ax will be Daimler,

widely perceived — if not fully acknowledged — as the dominant partner. If you want to knock the stuffing out of senior Chrysler executives, tell them they can't make big decisions until the Stuttgart headquarters approves. That will make the reality of an offshore parent set in.

At that point, what has been so widely hailed as a master stroke of global combination may lead to dismay and possibly to dissolution.

Why am I so uneasy about Chrysler? Well, I am the father of an earlier trans-Atlantic combination of two multibillion-dollar auto companies, American Motors-Jeep with the French manufacturer Renault. We were also called a perfect fit. But frequent bickering and suffocating second-guessing led to the sale of American Motors to Chrysler.

What should Daimler and Chrysler do? Lower their voices. Drop the hype. Acknowledge that the deal is a long-range strategic initiative. Concede the dominance of Daimler. Drop the pretensions about this being a pairing of equals.

But most important — and before the holy water is sprinkled next fall — rethink the deal, be realistic about the dimensions and timing of the results as well as address the hazards of the coming culture clash. □