



## Hubris, Nepotism, and Failure: The Bricklin Car Company and the Question of Inevitability

Dimitry Anastakis

In 1974, Malcolm Bricklin, a charismatic automotive entrepreneur, announced a dazzling new vehicle, the Bricklin SV1. He was immediately heralded as a throwback: the last great automotive entrepreneur, akin to a Henry Ford. But Bricklin's dreams quickly soured. The oil embargo, new regulations, and a shift in tastes hampered production. Poor engineering, inexperience, and corporate disorganization and nepotism crippled the company. After building 3,000 vehicles, Bricklin was put into receivership in 1976. In this essay I examine Bricklin as an example of failed entrepreneurship within a mature sector of the economy and attempt to understand this failure at a time of dislocation and restructuring in the North American auto sector.

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In 1973 Malcolm Bricklin, a charismatic self-promoting American automotive entrepreneur best known for bringing Subaru cars to the United States, announced that he was going to build a dazzling new vehicle, the Bricklin SV1 (SV stands for Safety Vehicle). The "Bricklin," as it was to be known, was going to be the latest, greatest sports car. It would have "gull wing" doors, acrylic body panels, and the most innovative safety features. Bricklin immediately launched a massive public relations and advertising campaign, appearing on numerous American television shows, in magazines, and the trade press. He was heralded as a throwback to a bygone era: the last great automotive entrepreneur, akin to a Henry Ford or a Walter Chrysler. By 1974, the car's distinctive image was plastered across the North American collective consciousness.<sup>1</sup>

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<sup>1</sup> Bricklin and his cars appeared on the "Today Show," in *Playboy* and *People* magazines, and were featured prizes on popular television game shows such as "The Price is Right" and "Let's Make a Deal." Some examples of the news and

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With his usual flair, Bricklin announced that the vehicle would be built in, of all places, New Brunswick, Canada. He had decided upon the province after striking an agreement with the government of premier Richard Hatfield. Hatfield saw in the Bricklin project a way to vault his province, which some viewed as an industrial backwater, into the first rank of car-producing regions. New Brunswick granted Bricklin millions in loans and facilities and even took a majority ownership stake in the company. Bricklin would mean jobs for New Brunswickers, an influx of investment, industrial development, and, perhaps just as important for Hatfield, a new respect for his province. With Bricklin, New Brunswick could transform itself into a new Detroit, or at the very least, a Windsor or Oshawa, Ontario.<sup>2</sup>

Instead, Bricklin and Hatfield's dreams quickly turned into a nightmare. The firm's shortcomings—poor engineering, lack of experience, and corporate disorganization—crippled the company. Bricklin also wildly underestimated the immense cost of launching a new vehicle. In the fall of 1975, after building nearly 3,000 cars, Bricklin was unceremoniously put into receivership when the New Brunswick government, which owned 67 percent of the company, pulled the plug. By then, Hatfield's government had poured nearly \$20 million into the project. Hundreds of workers were left unemployed. Hatfield himself would spend years attempting to escape the political taint of the Bricklin debacle. For his part, Bricklin endured ignominious bankruptcy court proceedings in his home state of Arizona. Instead of transforming New Brunswick into a new Detroit, Bricklin's project became famous as a cautionary tale of entrepreneurial hubris, state

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auto media coverage of Bricklin include: Bruce Little, "The Bricklin . . . bucking the odds," *Windsor Star*, 17 Aug. 1974; "3 years planning, \$20 million to make, and now . . .," *Chicago Tribune*, 30 June 1974; Ernest Holsendolph, "Bricklin, U.S. 'Safety Car' in Debut; VW Beetle Begins Final Bows," *New York Times*, 26 June 1974; John Lamm, "America's Newest Safety Vehicle: The Bricklin SV1 Sports Car," *Motor Trend* (July 1975); Brock Yates, "America's Other Sports Car," *Car & Driver* (July 1974).

<sup>2</sup> Regional development in Atlantic Canada, and particularly industrialization/deindustrialization, is a longstanding issue in Canadian political economy. See for example, Masudul Alam Choudhury, ed., *The Political Economy of Development in Atlantic Canada* (Sydney, N. S., 1988); James Bickerton, *Nova Scotia, Ottawa and the Politics of Regional Development* (Toronto, 1990); K. J. Rea and Nelson Wiseman, eds., *Government and Enterprise in Canada* (Toronto, 1985). Two specific case studies of industrial development in Atlantic Canada include Meaghan Beaton and Del Muise, "The Canso Causeway, Tartan Tourism, Industrial Development, and the Promise of Progress for Cape Breton," *Acadiensis* 38 (Autumn 2008): 39-69; and Dimitry Anastakis, "Building a 'New Nova Scotia': State Intervention, the Auto Industry, and the Case of Volvo in Halifax, 1963-1996," *Acadiensis* 34 (Autumn 2004): 3-30.

intervention in the economy, and the realities of car making in the late twentieth century.<sup>3</sup>

The Bricklin case is one of the most spectacular examples of automotive failure in the past fifty years. It is easy to caricature the demise of the company as one based on a seemingly unscrupulous promoter and an easily duped premier from a naïve and desperate province. Certainly, there is some validity to that narrative. Bricklin and his firm were characterized by hubris, disorganization, nepotism, inexperience, and financial mismanagement. And the continued willingness of Hatfield and New Brunswick to back the project, which was clearly (and not just in hindsight) challenging and chancy even from its beginnings, indicates a serious problem with decision making for that government. Undoubtedly, part of the explanation for the scope and scale of the Bricklin failure lies in the promotional abilities of Malcolm Bricklin and the desperate needs of the premier.<sup>4</sup>

But to understand the failure of Bricklin and its meaning properly, we need to look deeper into this story. In ascertaining *how* and *why* this failure occurred as it did, we can use Bricklin as an opportunity to explore this sector's past and the broader changes and implications of a quickly evolving automotive industry. After all, the Bricklin was more than just an idea: the company actually built cars, some of which are still on the road today. Instead of being seen as an anomaly, a punch line, a joke, Bricklin's failure offers a way to understand the prevailing automotive business narratives that shaped the man and the car, a way to gauge the state of the auto industry at that moment and as a harbinger of things to come.<sup>5</sup>

Indeed, Bricklin became more than just a dream precisely because the car, its creator, and its company reflected the auto industry's most prevalent and enduring traits. Bricklin himself exhibited many of the characteristics that were synonymous with the giants of the auto industry: he portrayed himself—and was portrayed—as the consummate salesman and promoter, the quintessential innovator, the brash young dreamer. He fit the mould of what the archetypal automotive visionary was *expected* to

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<sup>3</sup> The only full-scale treatment of the Bricklin saga is a contemporary journalistic account by H. A. Fredericks and Allen Chambers that depended heavily on interviews and newspaper reports: *Bricklin* (Fredericton, 1977). Others have also examined the case, including Sanford F. Borins with Lee Brown, *Investments in Failure: Five Government Corporations That Cost the Canadian Taxpayer Billions* (Toronto, 1986). For a view of Hatfield's role, see Richard Starr, *Richard Hatfield: The Seventeen-Year Saga* (Toronto, 1987), especially chap. 6.

<sup>4</sup> This narrative is apparent in the contemporary coverage of the project. See, for instance, Bob Hepburn, "What Happened when the Premier of an Unemployment-Ridden Province Met a Millionaire Who Wanted to Build a Sports Car," *Toronto Star Weekend Magazine*, 14 Dec. 1974, pp. 2-4.

<sup>5</sup> On the utility of examining business failure, see Patrick Fridenson, "Business Failure and the Agenda of Business History," *Enterprise & Society* 5 (Dec. 2004): 562-82.

be. Auto entrepreneurship, as it had been practiced during the sector's fantastic rise, practically required hubris, recklessness, and flamboyance as character traits. The rugged individualist was the iconic archetype of the auto entrepreneur, the American Dream personified.<sup>6</sup>

Just as important, Bricklin remains relevant today because the company itself reflected the nature of the auto business as it had emerged over the course of the twentieth century. Bricklin's corporate structure was complex, multidivisional, and geographically decentralized. There was an emphasis on family ties, and cronyism. Bricklin not only aped, but in many ways foreshadowed, the manner by which the auto industry conducted its business in the postwar period, especially after the 1973 embargo. It anticipated the move by both Detroit and offshore manufacturers to rural, low-wage areas. It also anticipated the emergence of government's role, first through investment incentives and bidding wars, and eventually through outright government ownership. On closer inspection, Bricklin was not such an anomaly.

Bricklin was, ultimately, a failure, and this reconsideration of the man and the company is not an attempt to make excuses for Bricklin. Nor is it an attempt to turn him into a sympathetic character. But it is an attempt to use Bricklin to unravel some of the themes and issues that underpin the postwar automotive industry and its prevailing narratives. That Bricklin actually successfully launched a new car, put it into production, and sold thousands of vehicles was a tremendous accomplishment in the postwar automotive world. We can learn some unexpected lessons and much about the nature of the American auto business by understanding how and why this seemingly inevitable failure happened.

### **Early Enthusiasm for the Bricklin**

Looking back, it is easy to scoff at the notion of Bricklin as a success. Given what we know now, the very idea of the Bricklin seems absurd, a dream destined for inevitable failure. And time has not been kind to the Bricklin. If it is remembered at all in the pop cultural consciousness, it is as a shorthand for 1970s excesses, a type of post-modern, post-embargo Edsel.<sup>7</sup> Books such as *How to Brickle* (1977) made a mockery of the car and the whole episode, as did songs such as Charlie Russell's "The Bricklin" (1975), whose chorus went:

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<sup>6</sup> See, for instance, Michael D. Fox, "Lee Iacocca: The Man, the Myth, the Corporation: Iacocca's Development as an American Western Mythical Hero and the Exploitation of this Condition in Chrysler Television Commercials, 1981-85" (M.A. Thesis, Miami University, 1988); James V. Catano, "Entrepreneurial Masculinity: Re-tooling the Self-Made Man," *Journal of American & Comparative Cultures* 23 (Summer 2000): 1-9.

<sup>7</sup> On the Edsel and its place in consumer consciousness, see Thomas Dicke's unpublished paper, "The Edsel: Forty Years as a Symbol of Failure," presented at the 2005 "Car in History Conference," University of Toronto.

O' the Bricklin . . . O' the Bricklin . . .  
 Is it just another, wait an' see  
 We'll let the Yankees try it  
 An' hope to God they'll buy it  
 Let it be dear Lord let it be . . .<sup>8</sup>

Among automotive aficionados, the Bricklin regularly appears on lists of the worst cars of all time, and the commentary attached to the vehicle is usually brutal in its assessment.<sup>9</sup> So unserious is the notion of the Bricklin that a musical comedy based on the story is in the works in New Brunswick. The car has become, like its more famous gull-winged doppelganger, the DeLorean, something of a joke and a cultural punch line for failure.

But this was not the case, not at least, initially. The car was not considered a joke when Bricklin held a glitzy 1974 launch in New York City's Four Seasons ballroom. With Broadway crooner Sammy Kahn singing "The Most Beautiful *Car* in the World" (instead of "girl") as an added touch of publicity, the car received largely favorable reviews. The Bricklin's rakish appearance, and the promise of making a virtue out of "safety"—an issue increasingly on the minds of American consumers—generated genuine optimism about its potential and an incredible amount of media attention.<sup>10</sup>

Moreover, the potential sales of such a car were considerable. When Bricklin first announced the idea of a new high performance vehicle two years earlier, the size of the sports car market in America was massive and growing. By the mid-1970s the Mustang and Camaro "pony cars" that had so enticed the first wave of baby boomers in the 1960s were still selling hundreds of thousands of vehicles each year. Bricklin's aim to slice off a fraction of that market was not at all unreasonable, at the time, and many auto observers welcomed the competition that the car represented.<sup>11</sup> Others had recognized the potential for sports car sales in America, too: the Japanese had successfully entered the market with cars such as the

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<sup>8</sup> *How to Brickle: The New Brunswick Funny Book* (St. John, 1977); Charlie Russell, "The Bricklin," as quoted in *How to Brickle*.

<sup>9</sup> A recent article in the *Toronto Globe and Mail*, "The 12 Worst Cars of All Time," stated that "The SV1 looked like an adolescent auto fantasy, but suffered from crippling design flaws and construction quality that conjured up a Soviet-era Lada." Peter Cheney, 12 Jan. 2010 (<http://www.theglobeandmail.com/globe-drive/the-12-worst-cars-ever-built/article1443510>, last accessed 2 Feb. 2010).

<sup>10</sup> The launch had coverage in many newspapers in the United States and Canada. One example is Jon Everett, "Wraps Come Off N.B.'s Bricklin—New York Viewers Appear Impressed," *Saint John Telegraph-Journal*, 26 June 1974.

<sup>11</sup> Bricklin foresaw a total market potential of nearly 600,000 vehicles in the sport and "safety" categories, of which it aimed to have 30,000 sales by its third year. "Bricklin Vehicle Corporation, and General Vehicle Inc.," Prospectus, n.d., file 1, box 1, series I, Bricklin Papers, National Automotive History Collection (hereafter, NAHC), Detroit Public Library, Exhibit B.

Nissan/Datsun 240Z (introduced in 1970), followed by the RX-7 at the end of the decade.

Designed by well-known auto stylist Herb Grasse, who had worked at Ford and Chrysler before being hired by Bricklin to visualize his new “safety vehicle,” the car was sleek and attractive. Most notable were the gull-wing doors, which provided an element of innovation and unorthodoxy for a mass-produced vehicle (only a tremendously expensive 1954-7 Mercedes-Benz had such doors) (see Figure 1). Powered by hydraulics, the doors kept the car low to the ground and helped to create an image of speed. *Playboy* magazine gushed that the Bricklin had a “gutsy, don’t-tread-on-me look about it, somewhere between a Datsun 240Z and a Maserati Ghibli, with Mercedes 300SL-like wings thrown in for good measure.”<sup>12</sup>

Captured by its appearance, and its safety and performance promise, contemporary observers in the auto industry were enthusiastic about the Bricklin. *Car & Driver*’s September 1973 cover story trumpeted “The Best American Sportscar: Bricklin or Corvette? (The Answer May Surprise You).” *Road & Track* declared, “From what we have seen of the car so far we have to think that the future of the Bricklin is a bright one, but only time and sales will tell.”<sup>13</sup> This enthusiasm spilled over to the car-buying public, which was also keen on the Bricklin: even as the company went under, any Bricklins coming off of the production line in New Brunswick were being sold as soon as they shipped. The car was, initially, a success.

Figure 1: A Bricklin Promotional Image, 1973



Source: New Brunswick Public Archives, Bricklin Papers, box 83, File Images.

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<sup>12</sup> To view some of Grasse’s initial designs for the Bricklin, see his website at <http://www.herbgrassedesign.com/bricklin.htm>. The *Playboy* quote comes from Starr, *Richard Hatfield*, 85.

<sup>13</sup> John Dinkel, “America’s New Sports Car: The Bricklin,” *Road & Track* (1973), 96-98 at 98; *Car and Driver* (Sept. 1973); Tom Benjamin, “Bricklin Gets Largely Favorable Reviews,” *Saint John Telegraph Journal*, 9 May 1975.

Behind it all was the man himself, Malcolm Bricklin. Bricklin had envisioned the car, put it into production, and had orchestrated the massive and successful publicity campaign that had resulted in such an initial burst of enthusiasm. How had he managed it? After all, others had already failed where Bricklin dared to tread. In the post–Second World War period, there had been only two serious attempts to launch a new American car company. Both had occurred in the late 1940s, when the disruptive effects of the war opened new opportunities to makers outside the Big Three and the handful of independents that remained. One was the Kaiser-Frazer Corporation: Henry J. Kaiser started his company in 1946, but eventually ended car production in the early 1950s. The brand, however, continued to exist under the Willys name, building the famous Jeep until it was bought by American Motors in 1970. The other was the famous Tucker, but Preston Tucker never managed to get to the production stage.<sup>14</sup> Bricklin was building the first new American car in nearly three decades, a venture not for the faint of heart.

### **Early Automobile Entrepreneur Archetypes and Bricklin**

To better understand Bricklin and his initial success, we need to revisit the dawn of the auto age, which in many ways instigated the dawn of modern American business. The automotive industry bequeathed three great archetypes whose enduring images have shaped the American business consciousness (see Figure 2). The first is, of course, the great Schumpeterian entrepreneurial innovator, whose inventiveness sparks a creative destruction that reorders business and the world. Henry Ford rightly looms large over American business history and remains the quintessential automotive innovator. Others such as Walter Chrysler also easily fall within that model—visionary leaders who made brilliant technological or production innovations and in doing so reshaped the American business landscape.<sup>15</sup>

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<sup>14</sup> On Kaiser, see Richard M. Langworth, *Kaiser-Frazer, The Last Onslaught on Detroit: An Intimate Behind the Scenes Study of the Postwar American Car Industry* (New York, 1975); on Tucker, see Charles T. Pearson, *The Indomitable Tin Goose: The True Story of Preston Tucker and His Car* (New York, 1974). The Tucker case was portrayed in a 1988 feature film. Though there is no fictionalized account of the Bricklin, there have been two documentaries about the car company.

<sup>15</sup> Classic treatments of Ford include Frank Ernest Hill and Allan Nevins' three volumes, *Ford* (New York, 1954, 1957-1952). Recent reassessments of Ford are Stephen Watts, *The People's Tycoon: Henry Ford and the American Century* (New York, 2005); and Douglas Brinkley, *Wheels for the World: Henry Ford, His Company and a Century of Progress* (New York, 2003). On Chrysler, see Vincent Curcio's *Chrysler: The Life and Times of an Automotive Genius* (New York, 2005). On Chrysler's production innovations, see Michael Schwartz, "Markets, Networks, and the Rise of Chrysler in Old Detroit, 1920-1940," *Enterprise & Society* 1 (March 2000): 63-99. Other automotive innovators could include Ransom Olds, Henry Leland (Cadillac), the Dodge Brothers, Louis

The second archetype is that of the promoter. This is the visionary salesman, the man who can convince people of the greatness of his *idea*. Ford himself was no salesman—he needed no sales department in the first decade of the Model T, as the car simply sold itself. But other car companies, such as the emergent General Motors, were built by promoters. The first great stock promoter and salesman was the flamboyant and mercurial William Crapo Durant, better known as Billy. Later, the most famous American salesman of all, Lee Iacocca, would emerge from the ashes of an auto company and cement his own place in the pantheon of automotive archetypes.<sup>16</sup>

Finally, the automotive industry also bequeathed to American business a third great archetype, that of the entrepreneurial manager. Automotive leaders such as Alfred Sloan and Henry Ford II created and utilized the multidivisional model of Chandlerian business organization to manage effectively the size and scale required by the automotive industry. Sloan, the greatest example of the entrepreneurial manager and “company man,” took the multidivisional model and applied his marketing genius to it, making the auto industry the cornerstone of consumerism and advertising. A young Ford II salvaged a company from the jaws of demise, and rebuilt his grandfather’s empire into a colossus over a nearly four-decade tenure. In doing so, these business leaders created a new class of entrepreneurial managers who led the auto sector to the pinnacle of American and world industrial success for much of the twentieth century.<sup>17</sup>

Malcolm Bricklin may have been failure in the auto industry, but his persona imperfectly imitated two of the three great automotive archetypes. This helps to explain his initial success with the Bricklin and the willingness of those around him to be captured by his vision. The first archetype, that of the Ford-like innovator, was not so easy to achieve. But Bricklin

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Chevrolet, Charles Kettering, and even Preston Tucker (though, like Bricklin, he was a failure).

<sup>16</sup> On Durant, see John B. Rae, “The Fabulous Billy Durant,” *Business History Review* 32 (Autumn 1958): 255-71; on Iacocca and his place in automotive business history, see Dimitry Anastakis, “The Last Automotive Entrepreneur? Lee Iacocca Saves Chrysler, 1978-86,” found in *BEH On-line* (2007), at <http://www.h-net.org/~business/bhcweb/publications/BEHonline/2007/anastakis.pdf> (last accessed 2009).

<sup>17</sup> On the M-Division and its creation, see Chandler’s classic, *Strategy and Structure: Chapters in the History of the Industrial Enterprise* (Cambridge, Mass., 1962); on Sloan, David Farber, *Sloan Rules: Alfred P. Sloan and the Triumph of General Motors* (Chicago, 2002); on Henry Ford II and his reorganization of Ford, see Brinkley, *Wheels for the World*, and David A. Hounshell, “Assets, Organizations, Strategies and Traditions: Organizational Capabilities and Constraints in the Remaking of the Ford Motor Company, 1946-1962,” in *Learning by Doing in Markets, Firms and Countries*, ed. Naomi R. Lamoreaux, Daniel M. G. Raff, and Peter Temin (Chicago, 1999).



Figure 2. Three Auto Archetypes: Ford, the Innovator; Durant the Promoter; Sloan the Manager



*Source:* Henry Ford: Henry Ford Museum, Dearborn, Mich.; William Durant, c. 1908: National Automobile History Collection, Detroit Public Library; Alfred P. Sloan, c. 1923: GM Heritage Center.

was tremendously successful in creating a narrative of technological innovation around himself and his car, one that might have impressed a Ford or Chrysler, or at least a Kettering or Chevrolet. His attempts at innovation with the Bricklin—the emphasis on safety, the gull-wing doors, the fiberglass bodies with no welding—echoed Ford’s and Chrysler’s efforts at technological innovation. When the vehicle first appeared, the reviews were good, and the notion of Bricklin as an innovator and the idea of the car as something innovative and new were repeated in the mainstream and automotive press.<sup>18</sup>

Focusing on safety as the car’s hook was a brilliant approach, one that immediately gave Bricklin credibility in the early 1970s as someone who

<sup>18</sup> An example is John J. O’Connor, “Bricklin Safety Vehicle (‘a dream come true’) will debut in Northeast,” *Advertising Age*, 1 July 1974. Dinkel’s article in *Road & Track* also focused on the safety aspect as a new and innovative aspect of the car.

was serious about innovation. Though the car was marketed as the “Safety Vehicle 1,” safety was more than just an important marketing consideration. The disruptive impact of Ralph Nader’s muckraking 1965 Corvair exposé *Unsafe at Any Speed* had traumatized the industry, and safety had become a major concern for consumers, one that fit well with Americans’ shifting tastes in the market. For auto consumers, this was a period akin to the immediate postwar years, when war had disrupted Big Three production and opened the market for other makes such as Kaiser, Nash, and Studebaker. In the wake of new safety, emissions, and fuel economy regulations after 1966, opportunities abounded for innovative auto companies that met those challenges. A great example from this period is the Honda Civic, which had burst upon the import scene in the early 1970s. The car’s humble exterior hid the company’s “technological triumph”: the Compound Vortex Controlled Combustion (CVCC) was the only engine that could meet 1970 Clean Air Act standards without a catalytic converter. By 1975 the company was selling 10,000 Civics a month in the United States.<sup>19</sup>

Bricklin was trying to do something similar with safety. He argued to potential investors that “Not only is it designed to enter the personal car market, but it also has a marketing differentiation of safety features. We believe that this particular differentiation will have a greater impact on consumer acceptance than any other recent innovation on automobiles.” Bricklin claimed that the car surpassed federal safety standards and that the car’s “bird-cage” structure could easily withstand even major impacts.<sup>20</sup> He had realized the importance of safety while at Subaru, when the cars he had imported had received tremendously bad press for failing to meet safety standards.

Thus, at the outset, the Bricklin could claim a particular prominence as a safety vehicle in the marketplace, one that was a legitimate effort at safety innovation. Even as the reality of Bricklin’s problems began to settle in, many American consumers and auto enthusiasts continued to believe in the Bricklin and its potential. As late as September 1975, when Bricklin was being put into receivership, *Mechanix Illustrated* published an article, “We Test the Amazing Bricklin,” that hopefully overlooked the car’s persistent quality problems and enthused that “we look for the ’76 and ’77 models to show even better craftsmanship and design development.”<sup>21</sup>

But the idea of Bricklin as a technological innovator could not withstand the onslaught. Increased production had been accompanied by a “marked deterioration in vehicle quality.” Both the Minto and St. John operations had dozens of quality problems, from the fiberglass bodies to

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<sup>19</sup> Ralph Nader, *Unsafe at Any Speed* (New York, 1966); Robert L. Shook, *Honda: An American Success Story* (New York, 1988), 23 and 37.

<sup>20</sup> “Bricklin Vehicle Corporation, and General Vehicle Inc.,” Prospectus, 8.

<sup>21</sup> Bob Tripolsky, “We Test the Amazing Bricklin,” *Mechanix Illustrated* (Sept. 1975), 36-37.

the doors to the final assembly of the vehicles. When a Bricklin finally left “the line,” such that it was, there was still work to be done. As one government observer dryly noted, “The most important single fact is that at present every one of the units produced requires at least 20 hours of repair work before it is passed for shipment to dealers.”<sup>22</sup> Added to that were the parts shortages. There were also a number of recalls, which did not serve to support the safety image.

Problems persisted with the car, and soon complaints from dealers and customers started to roll in, undermining any claim to technological brilliance on the part of Bricklin. In the spring of 1975 Bricklin staff started to meet weekly to identify all of the manufacturing and engineering problems. The list was a long and mundane one: the finish on the door jams was inadequate; the rear hatch did not fit properly; the acrylic finish faded on some cars; the door panels on either side of the car were different sizes, and did not fit. The “pop up” lights often did not pop up. Perhaps most damaging, the vaunted gull-wing doors—Bricklin’s signature feature—rarely worked properly, and they leaked. Though Bricklin had told his staff that “we must engineer a car that does not leak,” the door hinge area was a “disaster.” The back hatch’s problems with water were just as bad: a test run of one of the vehicles during a heavy rain resulted in a flexing that caused “almost a pumping of water into the car.”<sup>23</sup> Eventually, the company gave up on the idea of hydraulics and utilized more traditional technologies. Still, at the outset, the Bricklin car was as well known for its safety innovation as it was for its style.

Bricklin the man was far, far more successful at simulating the second great automotive archetype, that of the promoter and salesman. That’s because Bricklin *was* a promoter and salesman, par excellence. In January 1975 the *St. John Telegraph-Journal*, a paper that had intimately followed the Bricklin story, pegged him perfectly: Bricklin was “a dreamer, a promoter and an entrepreneur. He is imaginative, confident, cocky, and he just plunge[s] ahead. He doesn’t believe in looking back.”<sup>24</sup> Indeed, Billy Durant himself would have been proud of Bricklin’s accomplishment in selling himself and the idea of his car to North Americans and in selling the idea of building the car itself to the New Brunswick government.

Selling himself was easy. As Bricklin told it, he epitomized the rugged, determined individualist that personified the quintessential American rags to riches story (see Figure 3). As were Chrysler, Durant, and Ford, Bricklin was a self-made man: building a line of franchised hardware stores in the early 1960s, he was a millionaire by the age of 25. Then it was onto motor

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<sup>22</sup> “Government of New Brunswick, Department of Economic Growth: A Report—The Bricklin Project,” 28 May 1975, series I, box 1, file 10, NAHC, 23.

<sup>23</sup> “Minutes of Meeting Held on March 18, 1975 in the Conference Room of Bricklin Canada Ltd., Grandview Industrial Park, Saint John, N.B.”; “Minutes held in Livonia,” 27 May 1975, both series I, box 1, file 12, “General Vehicle Corporate Minutes, NAHC.

<sup>24</sup> “The Godfather,” editorial, *St. Thomas Telegraph Journal*, 3 Jan. 1975.

scooters, and after that, Subaru cars. And like Ford, he was brash, outspoken, opinionated, and contradictory. Though he had ushered in the age of modernity with his Model-T, Ford had emphasized his plainspoken Midwestern roots, and cultivated a pastoral pre-automotive ideal in his company and its workers.<sup>25</sup>

Figure 3. Malcolm Bricklin: The Rugged Individualist



Source: New Brunswick Public Archives, Bricklin Papers, box 83, File Images.

Bricklin's myth-creation efforts, though far less ambitious, were equally contradictory. But the formula for automotive success required a story of rugged individualism to be believable, and thus the Bricklin image quickly became famous. Though he was born and raised in New Jersey, Bricklin cultivated the aura and appearance of a cowboy from Arizona. This fit well with the notion of the automotive "self-made man." He often wore denim, cowboy hats, and boots, and the press regularly commented upon his attire: *Road & Track's* article on Bricklin fawned,

From his dress (Levis, cowboy hat, open-neck shirt with strands of Indian jewelry) to his office in Scottsdale, Arizona (furnished in a ghost-town motif complete with 19<sup>th</sup> century saddles for bar stools, a live cactus garden and rattlesnakes—skinned, thankfully), he's the antithesis of the typical white-shirt, ultra conservative Detroit auto executive.

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<sup>25</sup> This included building a paean to the past at bucolic Greenfield Village, encouraging the rescue of quickly fading Midwestern square dancing, and constructing a "perfect" company town on the banks of the Amazon. On the first two examples, see Watt, 421. On Fordlandia, his Brazilian company town, see Greg Grandin, *Fordlandia: The Rise and Fall of Henry Ford's Lost City* (New York, 2009).

When Hatfield won the 1974 provincial election on the promise of a Bricklin-fueled better future, Bricklin was there to celebrate, “decked out in Western-style garb, the epitome of the *Playboy* male.”<sup>26</sup>

The self-created cowboy image was hard to shake: even as the company floundered in fall 1975, Bricklin issued a defiant press release that continued to emphasize his Western *bona fides*:

The pioneering spirit still lives at Bricklin Vehicle Corporation headquarters located here in “The West’s Most Western Town.” Despite a substantial financial setback, automobile pioneer Malcolm Bricklin has turned down many lucrative employment offers to ‘stay in the saddle’ and continuing producing the stylish safety vehicle that bears his name.<sup>27</sup>

If the self-created cowboy image was part of the archetype, so was hubris. Bricklin, like all of the automotive giants of the past, had an incredible arrogance in his abilities and a determination to achieve his goals. Launching the car itself was an act of supreme confidence, but the true sign of Bricklin’s hubris and detachment from his own reality came in 1975, when the car company was on its last legs. In the midst of financial difficulties, with production problems mounting and a New Brunswick government no longer interested in funding the project, Bricklin launched a new initiative. The “Chairman” was to be an entirely new line of upscale sedans. During the fateful September 1975 board meeting when he was told that the company would be shut down unless he found additional investment, Bricklin continued aggressively to push the idea of the “Chairman.” Then, in the months following Bricklin’s bankruptcy, he sought to rebuild the company, unbothered by its impending liquidation. “Project Pheonix” would take the “experience gained from the initial Bricklin venture,” to use as a “springboard” to re-launch production of an improved Bricklin SV1 in the United States.<sup>28</sup> But by then it was too late, and Bricklin was clearly out of touch.

Before the fall, however, selling the idea of the car came naturally and easily to Bricklin, as had selling himself. He had already cut his teeth on the hardware business, followed by the success of the Subaru, where he ended as a director of the company. Subaru led to his “involvement” in the auto industry, and opened his eyes to its sales potential. If he could sell Japanese cars to Americans, why not his own? The success he had in generating interest in the Bricklin is truly amazing and speaks to his abilities as a salesman. With little more than a few sketches and a movie, then a full-blown prototype, Bricklin signed up 300 dealers, who he claimed expected to have orders for 12,000 cars before production commenced.<sup>29</sup> But Bricklin’s *forte* really was publicity. Tours, promotions,

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<sup>26</sup> Dinkel, “America’s New Sports Car,” 96; Starr, *Richard Hatfield*, 85.

<sup>27</sup> “Press Release, n.d.,” file 2, Press Kits and Press Releases, box 5, NAHC.

<sup>28</sup> “Project Pheonix,” n.d., series IV, file 6, box 13, NAHC.

<sup>29</sup> “Bricklin Vehicle Corporation, and General Vehicle Inc.,” Prospectus, 12.

magazine covers, television interviews, glitzy vehicle launches: That is where Bricklin sparkled. He was a natural. If the American public was willing to be sold the idea of a new American sports car, Bricklin was the man to do it.<sup>30</sup>

Then there was his sales job with the government. At first, things did not work out as planned. The initial contact was with the Quebec government, but they balked. Quebec already had its own auto industry, with a GM plant and a few parts outfits. The government's money was also already going to a number of other projects. Besides which, the Bricklin plan did not look that sound. But across the border, in New Brunswick, a flamboyant young premier was looking for something to spark his province. Someone in Quebec knew someone in New Brunswick. Bricklin soon had an audience with Richard Hatfield and quickly convinced the politician of his dream. The dream became Hatfield's, too, as the premier was captivated by the idea of building flashy cars in his otherwise economically dreary province. By summer 1973, the company had an agreement to build cars in New Brunswick and money from the provincial coffers (eventually with a loan from the federal government) to get started.<sup>31</sup> Bricklin had successfully sold himself, metaphorically, to the government and its public.

In that, Bricklin presaged another great automotive promoter archetype, Lee Iacocca. Iacocca would become tremendously famous just a few years after the Bricklin fiasco, largely because of his ability to sell himself, his company's cars, and the notion of a Chrysler bailout to the public and the government. By the 1980s Iacocca was a cultural icon, instantly recognized by millions: he was heralded as a possible presidential candidate; motivational speakers talked about "Lessons from the Great Leaders: From Hannibal to Iacocca"; theses and scholarly articles explored Iacocca as "An American Western Mythical Hero" or placed him at the center of investigations into "Entrepreneurial Masculinity: Re-tooling the Self-Made Man"; he was a television celebrity, appearing in Chrysler commercials and on an episode of *Miami Vice*; and, like Bricklin, there even was a play written about his amazing story, though it was not a comedy.<sup>32</sup>

The scale and size of Bricklin's and Iacocca's tales contrast starkly, yet their stories are not so different: Iacocca sold government and the public

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<sup>30</sup> Greg Conderacci and Nick Thomas, "If Publicity Spells Success, Bricklin Will Surpass Chevy," *Wall Street Journal*, 22 Feb. 1974.

<sup>31</sup> On Bricklin's arrangement with Hatfield, see Starr, *Richard Hatfield*, chap. 6; Michel Lefèvre, "Québec laisse échapper un projet qui aurait pu ressusciter SOMA," *Le Devoir*, 21 June 1973; Starr, *Richard Hatfield*, 87; "New Sports Car to Be Made Here," *St. John Times-Globe*, 22 June 1973; "DREE gives a boost to Bricklin," *Financial Times of Canada*, 6 May 1974.

<sup>32</sup> Albert Lewis Linel and Darlene E. R. Resling, *Lee Iacocca: A Play* (Baltimore, 1997); Jim Siress, *Lessons from the Great Leaders from Hannibal to Iacocca* (Shawnee Mission, Kansas, 1987).

on the idea of bailing out a company after it had gone bankrupt, and he became rightly famous for doing so. Bricklin sold government and the public on the idea of buying into an auto company that eventually became bankrupt, and became rightly infamous for doing so. In the end, they were both promoters and salesmen—one ultimately successful, one not.

There is a great irony in Bricklin's initial success in selling himself as an automotive archetype. Bricklin needed to be a larger than life character to fit the narrative of the quintessential auto entrepreneur in order to make the idea believable. The mythmaking lore of a successful start-up auto tycoon called for a flamboyant yet folksy outside the box anti-suit: a technological genius, or a brilliant promoter—a Henry Ford or a Billy Durant. Bricklin tried desperately to make himself a postwar Ford-type innovator in the area of safety. His image was attractive enough to start a car company, but his innovative capacity was far less than what was needed to actually make it work.

No, Bricklin was much more successful as a salesman, and like Durant, he understood that when it came down to it, he was really not much more than promoter. Like Durant, he had a checkered past and a volatile relationship with the companies that he started. In the summer of 1975, when he was forced to resign from the presidency of Bricklin (and take on the chairman role—hence the name of the new car), he admitted that managing a car company was “not a strong point” for him, though it was “common knowledge” that he did have “promoting ability,” which is what he would concentrate on going forward.<sup>33</sup>

Unfortunately for Bricklin, the auto industry had matured and changed dramatically, and there was little chance for an innovator or a promoter to make it in that world. However, one automotive archetype image did persist. While Bricklin's image seemed “the antithesis of the typical white-shirt, ultra conservative Detroit auto executive,” the reality of the 1970s auto industry called for exactly that. Only the third automotive archetype—the patrician, stern ultra-manager, with his finger always on the finances—could flourish in the post-embargo auto industry. But Malcolm Bricklin was no Alfred Sloan, and the automotive world had become one made up almost entirely of Sloans.

Here was the paradox of the postwar auto industry. History dictated that hubris, genius and recklessness were required to make a new car company work, and Bricklin played that role. But the modern auto industry was utterly averse to hubris, genius, and recklessness. It was an industry that rewarded conservatism, conformity, and commonality. The men who ran the industry were indeed the antithesis of Bricklin. The company man—a Sloan, a Lynn Townsend, a Roger Smith, a “Deuce,” as Henry Ford II was known—now reigned supreme. People still identified cars with their legendary founders, but would the public be interested in a

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<sup>33</sup> “Malcolm Bricklin: ‘A Promoter,’” Fredericton, N.B., *Daily Gleaner*, 11 June 1975; “Bricklin Explains Resignation: Running a Company Not a Strong Point,” *Moncton Transcript*, 11 June 1975.

new car company whose “vision” was to be supplied by an accountant? Could a lawyer who had climbed the corporate ladder inspire the passion and emotion in the car-buying public that made them *want* a car in the old-fashioned way? Bricklin fulfilled his role well, but by the 1970s the role was more myth than real. Except in the rarest and most unusual of circumstances—an Iacocca or a DeLorean—the corporate manager had vanquished the entrepreneur forever.

### **The Nature of the Postwar Automobile Industry and Bricklin**

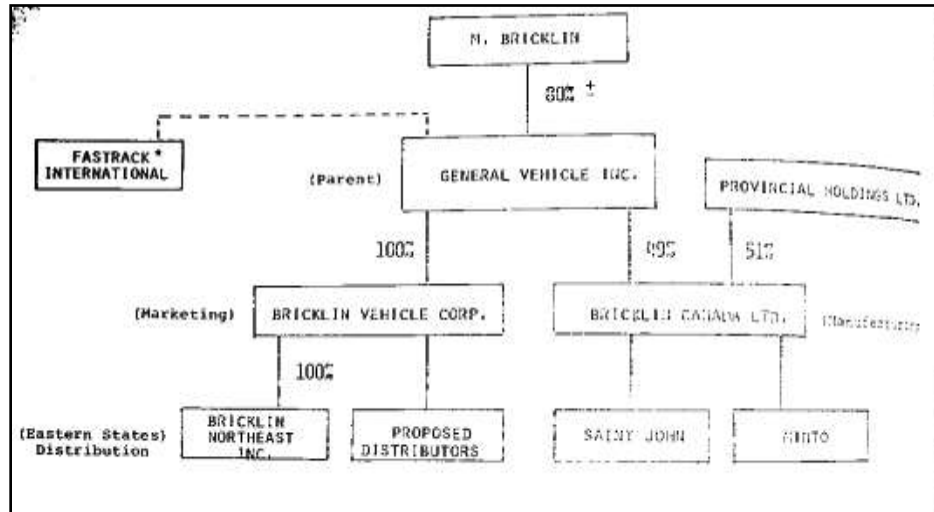
If the archetypes bequeathed by the automotive industry help to explain why Bricklin was initially successful in his dream to build a new American car, the nature of the postwar automotive industry within which the Bricklin company found itself can tell us a good deal about his ultimate failure. The Bricklin case allows us to understand a number of things about both the failure of the company and the evolution of the sector. First, examining Bricklin’s corporate structure and operations provides insight into how the industry was conceptualized by a new entrant. It also gives us a sense of how auto companies were managed (or mismanaged, in this case). Second, by examining the Bricklin failure, we see how the company anticipated new developments and trends in the auto industry, trends that would become important features of the North American sector. In stepping back to look at Bricklin in the broader context of the postwar automobile sector, we see that the company’s experience was not so anomalous. Bricklin shared significant traits with the established auto companies and predicted some of their key strategies as well.

The multidivisional corporate structure was pioneered and perfected in the auto industry. It is, to this day, a cornerstone of how the industry’s main players operate. Logically then, when Bricklin was created, it followed the multidivisional format. As its organizational chart shows, Bricklin was a miniature replica of the typical auto manufacturer (see Figure 4). In attempting to ape the modern automotive corporate structure, however, Bricklin lacked the scale or scope of a typical auto giant. In the end, the company took the m-division format to such an extreme as to make a mockery of it.

Even for a start-up auto operation, Bricklin had an incredibly decentralized organization, with offices and branches all over North America. General Vehicle Incorporated (GVI), the parent company’s head office, was in Scottsdale, Arizona, where Bricklin lived. Bricklin Vehicle Incorporated (BVI) was the American subsidiary, which imported the cars from its Canadian production sister operation, Bricklin Canada, Ltd. (BCL), which was majority-owned by New Brunswick. GVI had a financial office in New York City, while the company’s design and technology center was housed in Livonia, Michigan. The sales and distribution center for the company was in Whippany, New Jersey. Of course, Bricklin himself had to visit all of these sites on a regular basis, which he did with a company chartered plane.



Figure 4. The M-Division Comes to Bricklin



Source: File "Provincial Holdings Ltd., Bricklin Canada, General," Bricklin Collection, vol. 23, box 384, New Brunswick Public Archives.

Moreover, the relationship between General Vehicle Incorporated and Bricklin Canada Limited was never entirely clear. The former was ostensibly the "parent" company, but the two were very close, so close in fact that it was difficult to see any separation between GVI and BCL. The two "divisions" may have looked on paper like divisions at Ford or GM, but they did not operate as such, at least not when it came to accounting purposes. This was useful for Bricklin in keeping New Brunswick officials in the dark, especially when they wanted a clearer idea of what was going on at BCL. Government officials could barely hide their frustration at the organizational opaqueness: "we must continue to place emphasis on accomplishing the concept of BCL as a separate entity . . . only through such a policy can the proper assurances be given that the best interests of BCL shareholders are properly safeguarded."<sup>34</sup> As for GVI itself, there were "serious deficiencies in the organization structure as it relates to a clear understanding of authority and responsibility." Accounting functions were not developed, while management efficiencies required significant improvement. Government frustration grew.<sup>35</sup>

Finally, in May 1975 a New Brunswick government assessment of the operation concluded that the BCL board had taken steps to separate the Canadian operation from GVI entanglements. But the company was still

<sup>34</sup> "Government of New Brunswick, Department of Economic Growth: A Report—The Bricklin Project," 20.

<sup>35</sup> *Ibid.*

being run without any “meaningful budgets for BCL and associated GVI activities, operating expense controls, procedures for approval of capital appropriations, management reports which indicate the variance between actual performance and budget for key operations,” or even any “establishment of managing components of the organization.”<sup>36</sup>

Why did no one question this organizational dysfunction or basic lack of management fundamentals? Bricklin was, in his view and in the view of his backers, building a first-rank auto company, one that was going to take on the “majors.” And major auto companies had multiple divisions and offices scattered across North America. Major companies also had arcane and impenetrable financials, though in Bricklin’s case this was less a consequence of complexity than of incompetence. For those involved in the Bricklin project, the way Bricklin was being run made perfect sense: it was a version of the template of the auto industry, and Bricklin was simply following it.

When it came to the management of Bricklin, company investors—namely, the government—assumed that Bricklin and his associates knew what they were doing. After all, the company’s initial prospectus stated that “Mr. Bricklin has had considerable experience with manufacturing and marketing of transportation vehicles.”<sup>37</sup> And Bricklin did hire some auto people initially, but the reality was that neither Bricklin nor his father (who was also a Bricklin executive) had any real background in auto design or manufacturing. The Subaru deal was really a distribution deal that had nothing to do with designing or building a car. This kind of nonconformity was fine for starting a car company (Durant had started his sales career in cigars), but not so much for managing one. Eventually, Bricklin admitted that he did not have the experience to run a car company, and someone else was brought in. Ralph Henry was a former senior vice-president of the First Pennsylvania Bank, an outfit that had loaned Bricklin \$3 million.<sup>38</sup>

Within a few months, Ralph Henry was booted from the company by Bricklin, who replaced him with his father, Albert. Even before he had become president of Bricklin Vehicle, Albert Bricklin had already become an overweening presence at the firm. BCL’s first president, Jean de Villers, who had worked at Renault, resigned in 1973 because of Albert’s constant interference in company affairs. This was not the only familial hiring. By the time the company had run its course, Bricklin had hired his parents, sister, brother-in-law, uncle, and girlfriend into positions in the firm. Bricklin’s mother Gertrude, “known as ‘Mother Bricklin’ to many Bricklin owners” according to the company’s press materials, was Director of

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<sup>36</sup> “Government of New Brunswick, Department of Economic Growth: A Report--The Bricklin Project,” 3.

<sup>37</sup> File Bricklin, “Bricklin,” box 83, New Brunswick Public Archives (hereafter, NBPA), 8.3.

<sup>38</sup> “Top Bricklin Appointment Supported by Government,” *Moncton Times*, 15 Jan. 1975.

Consumer Relations for the company.<sup>39</sup> In addition to Bricklin family members, his cronies were also on the payroll. Not until the spring of 1975, nearly two years after the initial Bricklin agreement in which the province took a majority ownership stake, did New Brunswick gain control of Bricklin's board of directors.<sup>40</sup>

In all this, Bricklin was simply following one of the great traditions of automotive management. This kind of nepotism and cronyism was not surprising in a car company. After all, the great man himself, Henry Ford, had indulged his cronies to the point of having his security thug, Harry Bennett, essentially run the massive firm in the 1930s and 1940s.<sup>41</sup> Having a family member run the show was nothing new, either. The Deuce (Henry Ford II), who had been running Ford for nearly three decades by the time Bricklin started his company, was the grandson of the founder. This kind of transfer was what happened in family firms, especially family auto firms. Toyodas ran Toyota, Fords ran Ford—and do so even today. It is not surprising that Bricklin, as a family firm, would be run by Bricklins, or by cronies of their choosing.

In its structure and personnel, Bricklin may have (in some ways) aped the modern American auto firm in his organization and business practices, but the company also anticipated major developments in the auto sector. For example, Bricklin was at the crest of the great curve of American automotive deindustrialization.<sup>42</sup> In the 1970s, American auto production declined dramatically, and much of it was shifted away from its mid-western heartland. Firms moved production to the American South, or to Mexico, or, in the case of Bricklin, to Canada. These were places in North America where car companies could take advantage of low-wage or non-union areas. Bricklin anticipated this shift by seeking out the “best” production opportunities he could, which meant taking advantage of an economically depressed rural region, in this case New Brunswick. The province had a persistent unemployment problem, and the arrival of Bricklin was seen as a genuine measure to alleviate joblessness. By setting up in such a region, Bricklin could pay lower wages than in Michigan, or even Ontario. Though Bricklin did have United Auto Workers (UAW) representation at its two plants, wages were significantly less than those paid to Big Three union members in Canada.<sup>43</sup>

In taking this step, Bricklin was prescient. By the 1980s, a host of car firms would set up shop outside the traditional auto manufacturing

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<sup>39</sup> “Press Release, n.d,” file 2, Press Kits and Press Releases, box 5, NAHC.

<sup>40</sup> “Province Has Majority of Bricklin Directors,” *Daily Gleaner*, 20 March 1975.

<sup>41</sup> On the close relationship between Ford and Bennett, see Watts, *The People's Tycoon*, 451.

<sup>42</sup> See Stephen High, *Industrial Sunset: The Making of North America's Rust Belt* (Toronto, 2003).

<sup>43</sup> “We Know Bricklin Isn't Ford: UAW Negotiators,” *St. John's Times-Globe*, 14 Aug. 1974.

regions. DeLorean famously went to Ireland to build his cars, taking advantage of a depressed Irish economy. The Japanese came to North America in the 1980s, in part to avoid protectionist measures, but also as a hedge against an increasingly strong yen and to take advantage of lower wages. In the United States, the Japanese built their plants in the rural south. In Canada, they built them in Ontario, but in rural communities far from the Big Three operations. Neither in the United States or in Canada did any of the Japanese plants have UAW representation. GM also established operations in southern U.S. states such as Tennessee, and eventually all of the Big Three established facilities in Mexico.<sup>44</sup>

In early 1975 Bricklin announced that he had developed plans for a Mexican operation, which would build cars for the U.S. southwestern market. It may have been a legitimate effort to build a plant, but Bricklin also understood that negotiating with Mexico (or at least claiming to do so), could help him leverage more support out of an increasingly skeptical New Brunswick government. When Bricklin started to hint that he was planning the Mexican operation, and reports started to circulate that the Mexican government had offered him an investment incentive of \$20 million to locate a plant there, the impact was clear. Bricklin had another suitor, and could be seen as playing his newfound Mexican friends off his old Canadian patrons.<sup>45</sup>

Though Bricklin folded before the Mexican issue came to a head, the firm's Mexican gambit points to a second significant way in which the company anticipated a major element in the evolution of the auto industry. The episode is reflective of a powerful new dynamic that was emerging in the North American sector: the incentive competition between nations, states, provinces, and regions for automotive investment. In his *Competing for Capital: Europe and North America in a Global Era*, Kenneth Thomas calls the situation that prevailed in North America vis-à-vis automotive investment in the 1970s a "prisoner's dilemma." The creation of the 1965 Canada-US Auto Pact, an agreement that eradicated automotive tariff barriers in North America, unleashed a torrent of investment incentive battles between states and provinces. In this new era of capital mobility, auto firms became adept at playing provinces and states (and sometimes using the threat of moving to Mexico) off one

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<sup>44</sup> On DeLorean, see Ivan Fallon and James Strodes, *Dream Maker: The Rise and Fall of John Z. DeLorean* (New York, 1985); for views on the Japanese in North America, see Ernest J. Yanarella, *The Politics of Industrial Recruitment: Japanese Automobile Investment and Economic Development in the American States* (New York, 1990); Robert Perrucci, *Japanese Auto Transplants in the Heartland: Corporatism and Community* (New York, 1994); on GM in Tennessee, see Joe Sherman, *In the Rings of Saturn* (New York, 1994).

<sup>45</sup> "Confidential Review of Bricklin Mexico, S.A., February, 1975," series I, box 1, file 8, NAHC; "\$20 Million Bricklin Plant for Mexico?" *Saint John Telegraph-Journal*, 24 May 1975; Edison Steward, "State in Mexico Offers \$20 Million," *Saint John's Times-Globe*, 22 April 1975.

another for investment incentives. The battle over auto investment incentives was classic games theory: governments should give up incentives, because it weakened them financially, but could not do so unless every other government did. Therefore, in order to protect themselves, governments reluctantly continued to offer incentives, making all governments competing for the investment weaker in the face of capital.<sup>46</sup>

After Bricklin's demise in the mid-1970s, government incentives would become a major aspect of automotive investment decision making and a major irritant between Canada and the United States. In 1978, for example, Ford announced that it would build a new engine plant in either Lima, Ohio, or Essex Ontario, depending on the amount of government investment offered to the company. After a very high-profile, costly battle for both governments, Ontario "won" the \$500 million investment, at a cost of \$78 million in government incentives.<sup>47</sup> The decision sparked howls of outrage from Ohio, and prompted U.S. government officials to complain to the Canadian government that something needed to be done about investment incentives. Nothing was accomplished, however, and locational bidding became the norm. By 1985, GM, Volkswagen, Chrysler, Toyota, Honda, and Nissan had all taken advantage of government incentive wars to build new plants in North America.<sup>48</sup> Bricklin's little Mexican adventure was the first indication of a paradigm shift in North American auto investment.

Finally, and most obviously, Bricklin anticipated the role of direct government support in the American auto industry through ownership. The Bricklin effort was the first new American effort to build a car since the 1940s. But it was also unique in that it was a *government-owned* auto company, the first government owned auto-company, though not the last. There is a long history of state intervention in Canada, including many examples of outright government ownership in strategic or technologically sensitive firms and sectors.<sup>49</sup> Yet this was one of the first examples of a

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<sup>46</sup> Kenneth P. Thomas, *Competing for Capital: Europe and North America in a Global Era* (Washington, D.C., 2000), 33-37.

<sup>47</sup> Paul H. Weaver, *The Suicidal Corporation: How Big Business Fails America* (New York, 1988), 34. For a fascinating insider's account of the decision, see pp. 33-39.

<sup>48</sup> On the emergence of this dynamic, see Kenneth Thomas, *Capital Beyond Borders: States and Firms in the Auto Industry, 1960-1994* (New York, 1996); David Leyton-Brown, "The Mug's Game: Automotive Investment Incentives in Canada and the United States," *International Journal* 35 (1979-1980): 170-84.

<sup>49</sup> The classic expression of this acceptance is found in Hugh G. J. Aitken, "Defensive Expansionism: The State and Economic Growth in Canada," in *Approaches to Canadian Economic History*, ed. W. T. Easterbrook and M. H. Watkins, rev. ed. (Montreal, 2000).

province owning such a high-profile firm, one that was, essentially, a foreign venture.<sup>50</sup>

Bricklin's emergence as a provincially owned government auto company resulted from a number of factors. At the outset, Bricklin was keen to obtain a Canadian federal government development loan and also Canadian approval to become a member of the Auto Pact, which would have allowed it to export to the United States duty-free. This was a very important consideration for a company that planned to build all of its cars in Canada and to sell all of them in the United States (a Canadian sales network, ironically, was never established). In dealings with the federal government over the loan, Ottawa rejected Bricklin's first application, and gave Bricklin the money only after he put more of his own financing into the project. On the issue of Auto Pact status, one of the terms that Ottawa set out was that Bricklin be a Canadian-owned operation. This was what prompted the provincial government to take a 51 percent equity share in Bricklin.<sup>51</sup> It would likely not have done so if the federal government had not made Canadian ownership of BCL a requirement for Auto Pact consideration.<sup>52</sup>

Bricklin's government ownership, which increased from 51 to 67 percent by the time the company was placed into receivership, was also a consequence of its precarious financial position and the reality of the industry in the 1970s. Few institutions were willing to lend money to a car company, which in the post-embargo, post-regulatory environment, was a very dicey proposition. From the start, Bricklin's status as a new entry in the auto market and the uniqueness of its approach and product left Bricklin's accountants "unable to evaluate the reasonableness of the assumptions relating to unit volume and selling prices," since the product did not yet exist, and all of the company's plans were based on assumptions. Accordingly, Touche Ross & Co. could not "give assurance that the project results would actually be attained."<sup>53</sup> Another financial assessment from the company's accounting firm in June 1975 indicated that "the company's continuance as a going concern" was dependent upon its ability "obtain additional financing," which the government eventually acceded to.<sup>54</sup> For all its good press, Bricklin was still an auto company

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<sup>50</sup> Bricklin was sometimes characterized as a Canadian-owned firm. See, for instance, Larry Skory, "Look Out Big Three! Here Comes the Canadian-Controlled Bricklin," *Canadian Machinery and Metalworking* (Sept. 1973), 54.

<sup>51</sup> "Statement by Premier Richard Hatfield Concerning the Bricklin Project," 2 Dec. 1974, box 83, NBPA.

<sup>52</sup> As a further irony, the federal government never granted Bricklin Auto Pact status.

<sup>53</sup> "Touche Ross and Co. to the Board of Directors, Bricklin Vehicle Corporation," 15 Sept. 1972, series I, box 1, file 2, NAHC.

<sup>54</sup> Touche Ross & Co., "Bricklin Canada Ltd., Report and Financial Statement," 30 June 1974, file 1, box 2, NBPA.

looking for financing in a period when the auto industry was in turmoil. Government was its last hope.

Lastly, Bricklin was government-owned because the premier of the province felt that he had no choice but to support the firm this way. Hatfield had thrown his and his province's lot in with Bricklin, and the firm's success had become a matter of provincial pride, however illogical that seemed. Even as Bricklin collapsed into bankruptcy, Hatfield remained defiant about what the company meant to his province:

We cannot guarantee the success of any venture. But the government cannot leave the economic development of New Brunswick to the mercies of the Canadian banks, the Toronto boardrooms or the federal bureaucracy. Without the involvement of the provincial government, there will be no sustained economic development in New Brunswick except for the tasks these remote institutions think us capable of and suitable for.<sup>55</sup>

Government ownership was the price of having an auto industry, which was the mark of a mature industrial economy.

This view of the necessity of government ownership of the auto sector, which may have looked provincial and desperate in 1975, looked prescient by 2009. When the United States, Canadian, and Ontario governments took control of GM and Chrysler in the summer of 2009, they did so for many of the same reasons that Bricklin had been owned by the New Brunswick government. The lack of financing, the need to protect and maintain a strategic industry, and the desire to ensure economic stability and growth were all cited by government officials, including U.S. president Barack Obama.<sup>56</sup> In the end, Bricklin was in some ways not so different from the rest of the auto industry in North America.

Bricklin, was, however, liquidated, a fate that one hopes will be avoided by the latest government-owned auto companies. The government that had acted as midwife to the company's birth was the one who ended it. There were many reasons for Bricklin's demise: poor organization, bad management, a changing auto marketplace, the challenge of safety, emission, and fuel economy regulations, and a founder who was fantastic

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<sup>55</sup> "Statement by Premier Richard Hatfield Concerning the Bricklin Project," 2 Dec. 1974.

<sup>56</sup> In President Obama's statement explaining the government buy-out, he "recognized the importance of a viable auto industry to the well-being of families and communities across our industrial Midwest and across the United States. In the midst of a deep recession and financial crisis, the collapse of these companies would have been devastating for countless Americans, and done enormous damage to our economy -- beyond the auto industry. It was also clear that if GM and Chrysler remade and retooled themselves for the 21st century, it would be good for American workers, good for American manufacturing, and good for America's economy." The complete statement can be read at <http://www.marketwatch.com/story/full-text-of-president-obamas-statement-on-gm> (last accessed 16 March 2010). See also, Tavia Grant and Greg Keenan, "GM files for bankruptcy protection," *Globe and Mail*, 1 June 2009.

at starting a car company, but not so good at managing one. Yet Bricklin managed to overcome all of these problems initially and actually produced cars.

In the end, the company ran out of money before the other problems finally caught up with it. When it became clear that Bricklin was not making enough money and needed more financing, the government gave Bricklin an ultimatum. In September 1975, government-appointed members of the board told Bricklin that he needed to find more outside money in order to receive continued government support. When he produced a recapitalization proposal designed to keep the company afloat, and asked for another \$10 million in financing from the province, it was deemed unacceptable.<sup>57</sup> In the middle of a board meeting, Hatfield dramatically arrived to tell the Bricklin directors that no more money would be forthcoming.<sup>58</sup> The company was done, and Bricklin's—and Hatfield's—dreams dashed (see Figure 5). A few days later Hatfield told reporters that “I want to say that we still have confidence in the car. Unfortunately, however, there is a limit beyond which it would not be prudent for a government to risk further funds on the basis of such confidence.”<sup>59</sup> New Brunswick had put nearly \$20 million into the venture.

Figure 5. Malcolm Bricklin (right), Richard Hatfield, and Their Dream (New York, 1974)



Source: New Brunswick Public Archives, Bricklin Papers, box 83, File Images.

<sup>57</sup> “Bricklin Canada, Ltd., Financial Proposal,” series IV, file 1, box 13, NAHC.

<sup>58</sup> Fredericks and Chambers, *Bricklin*, 116-19; John Peters, “Honey Pot Finally Dry: Bricklin into Receivership,” *St. John Telegraph-Journal*, 26 Sept. 1976.

<sup>59</sup> “Statement by Premier Richard Hatfield Concerning the Bricklin Project,” 26 Sept. 1975. series IV, file 1, box 13, NAHC.



## Conclusion

Was Bricklin's failure inevitable? It is impossible to determine. But Bricklin was clearly a failure of *political* judgment, and perhaps of political will. The roots of the Bricklin story lie in the fact that Hatfield ignored the warnings of all the problems associated with Bricklin and plunged ahead. He was captivated by the promoter, failing to realize that making a car company work in the postwar world needed more than a promoter. Bricklin told anyone who would listen that he could make the project work for \$3 million, which was a wild underestimation of the cost of actually building a car in the post-embargo, post-Nader auto world. The company had burned through \$23 million by September 1975 and needed still more to solve all the production and quality problems. Bricklin had built a car and a car company, but the cost of ensuring its survival was simply too high for those who were paying the bills.

The Bricklin failure is instructive in a number of ways. It tells us a good deal about the archetypes who created the industry and pushed it to prominence, and how these larger-than-life personalities continued to dominate the narrative of the successful auto entrepreneur. Malcolm Bricklin reveled in attempting to play the role of innovator and promoter, yet ultimately he was undone by his inability to be an effective manager. Bricklin also tells us much about the evolution of the auto sector in a tumultuous period. Some of the company's organization and structure and its methods and strategies echoed and foreshadowed those utilized by the rest of the auto industry. Bricklin provides a lens by which to understand one failure in the annals of business history at a time of dislocation and restructuring in the North American auto sector.