

Backlash against Gentrification and Kidnapping Rich Executives What Happens Next - 04.24.2022

Larry Bernstein:

Welcome to What Happens Next. My name is Larry Bernstein.

What Happens Next is a podcast where the speaker gets to present his argument in just Six Minutes and that is followed by a question-and-answer period for deeper engagement.

Today's discussion will be on the backlash against gentrification and kidnapping executives.

Our first speaker is Mitchell Schwarzer who is a Professor of Architectural and Urban History at California College of the Arts. Mitchell is the author of Hella Town: Oakland's History of Development and Disruption. Mitchell will discuss why both the wealthy and the poor oppose new building and change in Oakland. The Not in my Back Yard has become the mantra in Oakland and California, limiting growth, driving up real estate values that results in out migration.

Our second speaker will be Tom Sancton who is the author of a new book The Last Baron: The Paris Kidnapping that Brought Down an Empire. The book is amazing, fast paced and a joy to read. It is a fascinating true story about the kidnapping of one of France's leading industrialists. You're about to find out why Wado was targeted for kidnapping, why his family didn't pay the ransom, how Wado's reputation was tarnished, and why Wado's kidnapping changed his life.

Buckle up.

If you missed it, check out last week's program on the War in Ukraine. It got rave reviews. One listener said that he learned more in six minutes than watching 20 hours of TV on the war.

Our first speaker was Anthony King a Professor of War. Anthony discussed how the increasing number of Russian casualties will undermine their resolve to take offensive action, and that the near-term supply of weapons will decide the war.

Our second speaker was Retired General Paul Kern, former Commanding General of the Army Material Command. Paul explained how the US Army has perfected the art of resupply by rail, land, air and sea and how we plan to resupply Ukraine.

Our final speaker was Angela Stent a Georgetown Professor and author of Putin's World. Angela discussed Putin's perspective on the war.

I use interns to help me prepare this podcast, and I am looking to hire a new batch of interns for the summer. Historically the interns have been seniors in high school, college students, or recent graduates. Interns will read assigned books to decide if they are show worthy, we will

review last week's show to learn how to make it better, and interns will be exposed to all aspects of podcasting. Please let me know if you are interested.

You can find transcripts for this program and all of our previous episodes on our website whathappensnextin6minutes.com, and you can listen on Podbean, Apple Podcast and Spotify.

Let's begin with our first speaker Mitchell Schwarzer.

Mitchell Schwarzer:

The story I'm about to tell is from my book, *Hella Town: Oakland's History of Development and Displacement*. From 2016 to 2018, five arson fires were intentionally set at residential construction sites in Oakland, California and nearby Emeryville. They were lit at a point in the construction process when the rising wood frames had not yet been protected by a sprinkler system.

In late November of 2018, a handyman, Dustin Bellinger, was arrested and eventually sentenced to five years in prison. The fires stopped, but a great deal of damage had been done. Developers had to start over, and the long delay in construction alongside higher insurance and security costs jacked up pricing for the 500 apartments. While most people decried the arsons, some applauded the destruction of what one Twitter user called gross, expensive condos. Smaller acts of vandalism, busting windows or spraying graffiti, the fires were the extreme end of a grassroots-protest-against building market rate housing in a city experiencing a dire housing shortage.

The phenomenon of NIMBY-ism, not in my back yard, go back to the early 1960's and battles for local control over neighborhoods under siege by grandiose plans, urban renewal. Over time, the battle for local control over neighborhoods, NIMBY-ism, burned most brightly in upper-class districts. An apartment building on or near a single-family street, a chain or franchise replacing a mom-and-pop store, greater density, traffic congestion, and introduction of unwanted outsiders.

Recent Oakland NIMBY-ism among the poor and working classes too represents a demand for local control over neighborhoods faced with disruptive forces.

New market rate housing is today's principal culprit because many fear the introduction of more affluent residents will supplant those unable to afford Oakland's housing.

Improvements to a neighborhood are also out of favor: bike lanes, improved transit lines, better landscaped streets, cafes, yoga studios. Why? Because these accessories signal an influx of gentrifiers. The more educated and affluent, usually white and Asian folks, whose presence will lead to the exodus of black and Latino residents who cannot afford the new housing.

This NIMBY-ism aims to keep the remaining poor and working-class of the East Bay unattractive to developers and gentrifiers. Better to have less investment, less improvements, less good

services, since they would all lead to rising house prices and the need for people to relocate from Oakland inland toward the Central Valley.

NIMBY-ism for the poor and working classes in Oakland appears committed to keeping the neighborhood torpor going and demanding an increase in the supply of affordable housing absent those marketplace mechanisms that are central to the nation's system of housing production.

Larry Bernstein:

Your book tells the story of Oakland struggling with deindustrialization, desperate for new investment, young enterprising people, racial integration, and real estate development. Yet, in your opening remarks Oakland is having a renaissance but some people would prefer slum-like conditions to gentrification, economic opportunity, and change.

Mitchell Schwarzer:

Oakland in the early 20th century was a period of great promise. Competition with San Francisco, the East Bay would become the big city in the Bay area not San Francisco; it didn't happen. Oakland prospered, industry came, there was a lot of growth in the second world war, which brought the first large scale migration of non-white people to Oakland. Oakland in 1940 was 94% white.

From 1940 to 1980, Oakland goes from 2.6% to 49% black. They came for the war industries and to get out of the South from Arkansas, Louisiana, and Texas.

The tragedy of the post-war years is the deindustrialization. Ship building, automobile assembly, canneries moved out of town or overseas.

Oakland lost its industrial employment, and a city that's half-black, has high unemployment and the corresponding urban ills.

When Jerry Brown was elected mayor in 1998, Brown's strategy was to bring in affluent residents and revitalize downtown.

It went all too well. Home values have skyrocketed.

I live in the Oakland foothills, you could have bought it in 1995 for \$250,000, and now they're running over two million. Rents have gone up correspondingly.

The city has become very expensive because of the proximity to San Francisco and Silicon Valley.

A lot of businesses moved from San Francisco to Oakland, including PG&E, Blue Cross, Blue Shield, The Sierra Club, architects and engineering moved to Oakland, because San Francisco was so expensive. Residents were moving to Oakland. I moved in 2002 from San Francisco.

Larry Bernstein:

Your description of Oakland reminds me of the renaissance in Brooklyn, which may be apt since many of my listeners live on the East Coast.

Brooklyn didn't have many new office buildings. It was run-down. There was white flight to Long Island because of poor public schools and crime.

I moved to Brooklyn Heights in 1987 when I graduated college and lived there for five years. It was 2 subway stops to Wall Street and Salomon Brothers, and the rent was much cheaper than the Upper East Side.

Kay Hymowitz spoke on What Happens Next about the gentrification of Brooklyn. This is where young people want to live. Can you imagine if the community had prevented Brooklyn's development? Why would want to celebrate arson of new buildings? Why do you want to stop growth?

Mitchell Schwarzer:

The conundrum is that people who can't afford the new housing in Oakland. They feel they're being pushed out, and there's a lot of anger toward that.

Oakland's inherited political radicalism from Berkeley and San Francisco. You have a strong left-leaning reaction against new development.

Larry Bernstein:

I was at my cousin's wedding last weekend in San Francisco and there was a big homeless problem there. How is it in Oakland?

Mitchell Schwarzer:

Homeless people, they've become omnipresent in the last five years. Tent cities located along transit corridors, under freeways, on top of parks.

Larry Bernstein:

Is there substantial residential construction given the increasing housing demand?

Mitchell Schwarzer.

I read a statistic that for every six jobs that are created in the Bay area, there's only one unit built. Our housing deficit grows and contributes to the rising prices, which make the Bay area the most expensive metropolitan area.

I have friends that can't afford a house in Palo Alto working at Facebook and Rivian.

Once Palo Alto and San Francisco become expensive, the overflow starts to move to the East Bay. Oakland's one of the logical places.

The NIMBY's in the hills don't want denser housing in their neighborhoods, and now the poor residents in the flatlands don't want it because it's going to lead to gentrification.

Larry Bernstein:

Ed Glaeser spoke on What Happens Next. Ed is a professor and Departmental head of the Economics at Harvard. He pointed out that California used to allow residential real estate construction. California was the fastest growing state with average home prices. Today, there is little building because of zoning and other governmental impediments to building. Real estate prices are now very high and there is migration out of the state. Why has NIMBY or Not in My Back Yard Become the mantra of the state?

Mitchell Schwarzer:

People arrive in California, it's beautiful, and they want it to stay the way it was. This is the case with a lot of people in San Francisco and Berkeley. And, Oakland, increasingly.

California had a bill passed in 1972, CEQUA, the California Environmental Quality Act, which mandates environmental review for a whole range of projects.

CEQUA is wielded by the anti-growth forces, to stop development or to scale it back by lengthening the process or by making it so difficult that people give up altogether.

People are like, "Let's scale it back. Let's go slower. Let's preserve the neighborhood character. We like it things the way it is."

Larry Bernstein:

Howard Husock spoke on What Happens Next regarding his new book The Poor Side of Town. He mentioned the market-based solutions for building large scale affordable working-class bungalows in Oakland in the 1920s with no government interference.

What happened? Why won't locals allow land use in its most efficient way and create denser communities driving down price?

Mitchell Schwarzer:

It's more than zoning. There's not a lot of buildable land. It's not like Houston or Dallas, which just goes on and there's no impediments.

To get to the central valley, you have to cross a couple mountain passes. Then, this whole process of suing and environmental review has lengthened development process considerably.

Larry Bernstein:

Let's talk demographics. As you said in 1940 Oakland was 95% white. By 1990, it was 44% Black 14% Hispanic, 14% Asian and 32% White. And 30 years later despite the dreaded gentrification, the white population has declined to 30%. The African American population has

collapsed from 44% to 23% Hispanics have replaced African Americans. Asians are steady around 15% over the period.

Mitchell Schwarzer:

Cities change. They don't stay static. They change based on larger socioeconomic trends.

Larry Bernstein:

I was born in Chicago. Like Oakland, there was a major in migration of African Americans from the South during the 1940s to 1960s. Chicago had been a white city, but after the White Flight to the suburbs, Chicago's population fell in absolute terms. African Americans came to Chicago for jobs, physical safety, and the promise of better education for their children. For many this didn't work out well. Jobs disappeared, crime was high with many homicides, and schools where kids didn't learn.

Blacks are leaving Chicago in droves. For the past 20 years, 10,000 African Americans abandon Chicago annually and 800 are homicide victims. That is 1% of Blacks move away and 1 in 1000 are murdered every year.

Meanwhile Hispanics are moving to Chicago big time. There are now more Hispanics than Blacks in Chicago and given current birth and migration patterns, Chicago will become majority Hispanic in the near future.

The Chicago experience reminds me of Oakland. Similar ongoing black exodus and a Hispanic influx.

Mitchell Schwarzer:

I lived in Chicago for close to five years. I taught at the University of Illinois. The similarities are there. A Black migration out of the city for reasons of safety and better schools and better housing. Oakland schools have underperformed just like Chicago schools.

If the Bay area remains a hot, white-collar economy in 20 years most of Oakland will be affluent. It will transform, like Brooklyn has to a greater degree than Chicago, because I think the forces are so much stronger in New York and the Bay area.

The working class are gonna move out.

Larry Bernstein:

New Topic: Sister Cities. Oakland was the rollover city for San Francisco where land was cheaper, and large swaths were zoned industrial. There are several examples of sister cities foundering. Gary Indiana, Newark, Camden, and East St. Louis each went into long-term decline. Why have sister cities struggled and why is Oakland different?

Mitchell Schwarzer:

Oakland is a combination of Detroit and Marin County in the same city. You don't see that in Gary or Camden or East St. Louis or Newark.

Oakland was acting like the well-to-do suburbs like Montclair, there's a neighborhood. Similar population, similar types of houses, similar types of businesses, it's a kind of combination city. And then you add to that equation Berkeley. None of those other cities have Berkeley right next to them, this intellectual powerhouse city. Innovations in architecture, in environmental policy; these are all Berkeley phenomenon.

Larry Bernstein:

Berkeley is well known for its leftist politics. Does that explain why the Black Panthers organization roots are in Oakland?

Mitchell Schwarzer:

The Black Panthers never would have happened if not for proximity to Berkeley. It was that interaction between the student radicals of Berkeley and Merritt College, which was a community college in North Oakland, became the hotbed.

Larry Bernstein:

Has there been substantial rioting in Oakland?

Mitchell Schwarzer:

Yes, there was. Nothing like the Los Angeles riots. The Los Angeles riots were harrowing. They occurred all over the city, block after block of burning. Each time there were police killings, there would be protests peaceful in the daytime, and then when night came there would start to be breaking windows of banks or stores downtown and graffiti.

The Occupy movement in Oakland in the early 2010s was the most militant. They occupied City Hall Plaza for months and months.

Larry Bernstein:

Next topic is Property Crime. I was in San Francisco last weekend having lunch with a close friend at an outdoor café in the nicest residential area of the city. When my friend found out that I had left my luggage and valuables in the trunk of my rental car, he was panicked. In San Francisco, the local district attorney no longer enforces property crimes and criminals break car windows and take everything with impunity. It is to the point now where nobody leaves anything in the car, and they keep their windows open. Better to let in some rain than risk losing a window.

Has Oakland been ravaged by similar property crimes and a breakdown in civil order?

Mitchell Schwarzer:

There was an article today in the newspaper that certain people were having their mountain bikes stolen in the Hills while they were riding at gunpoint. Oakland has had several TV news crews held up at gunpoint and they stole their cameras and video equipment. Crime is really bad around the Bay Area since mid-pandemic. But the biggest issue is you have overzealous policing, right? Shooting black men all around the country. And the Rudy Giuliani break, no windows policing philosophy that I can't imagine that coming into play again with the legacy of police brutality.

On the one hand, you've got police brutality on the other hand, you have got criminals operating wantonly.

There's a recall vote for the district attorney. Chesa Boudin the son of one of the Weatherman heirs. He's one of the more left-leaning District attorneys, and he'll likely get recalled. We have an Oakland mayoral race in the fall, and I'm hoping there'll be less tolerance for homeless tents everywhere. We're trapped in this kind of awful position between police brutality and criminals operating too freely.

Larry Bernstein:

New Topic: Professional Sports Teams. In the 1970s, sports teams were expanding to California and the SF MSA is the second largest in the state. I am sure Oakland rolled out the red carpet for these teams.

Mitchell Schwarzer:

Around 1970, we had four professional teams. We had hockey, the Warriors, the A's and the Raiders. There's no city of around 400,000 people that had four major league teams. There's none that had three. Oakland was uniquely successful in building the Coliseum arena. That was the the coup. The old philanthropic elite, Henry J Kaiser, Steven Bechtel and others were behind it. We used to have that old philanthropy in Oakland, we don't anymore. And we've lost the teams.

Larry Bernstein:

Are other institutions packing up for San Francisco?

Michell Schwarzer:

My college, California College of the Arts is moving to San Francisco and abandoning the Oakland campus. After a hundred years in Oakland, they're leaving because of that allure of San Francisco.

Larry Bernstein:

Universities rarely move, what is the back story?

Mitchell Schwarzer:

The school was founded in Berkeley. It moved to with the Oakland campus in 1923. And in the '80s, they started design and architecture programs, graphic design, industrial architecture,

etc. And they did it in San Francisco campus. The Oakland campus, which was more Fine Arts has been atrophying. And I think the board shifted from the East Bay to the West.

Being in San Francisco, near Pinterest and Adobe. They decided to consolidate everything in San Francisco and, and leave Oakland behind because there isn't the money there.

With CCA, my school leaving and the Raiders and Warriors leaving, the Oakland Tribune folded. We're becoming the residential and office suburb of the West Side of the Bay. We don't have our own wealthy individuals who back things, and all these things are part of a sad institutional decline in the East Bay.

Larry Bernstein:

Transportation. California is the land of the Freeway and Oakland has its fair share. In Chicago, the Eisenhower Expressway cut the West Side in two. City Planning with freeways is complicated. What happened in Oakland?

Mitchell Schwarzer:

"We're the center of the Bay area freeway network. Isn't this amazing?" We have great freeway access, but at the same time, freeways really tore the city into pieces. We built about half of what was proposed.

Larry Bernstein:

Next topic is slum clearance. Howard Husock discussed public policy that cleared neighborhoods in the industrial cities to build retail malls and to integrate white middle class residents with lower income African Americans. We discussed the tragedy of destroying poor neighborhoods. We specifically discussed knocking down a section of Boston. What happened in Oakland?

Mitchell Schwarzer:

In Oakland, like Boston if you look at Government Center and at the West End, was to create a new environment for tourism and white collar and hotels and cultural institutions. Boston ends up with Faneuil Hall and with the New England Aquarium, they basically eliminated poor people from central Boston.

Oakland tried the same thing. They took out 18 blocks right in the heart of Oakland to build a huge shopping mall. Five anchor stores that was the goal and surrounded by office towers. The shopping mall never happened, because it was catering to white women from the hills and suburbs who didn't want to go to downtown Oakland. So, the shopping mall failed, it was a really misguided effort. And of the office towers very few came.

They demolished 50 blocks, for industry and this big urban renewal project called Acorn. And the goal there was similar, we're gonna turn a lower-income Black slum, into a middle-income, mixed-race development that will provide a buffer for downtown, between that and the rest of

poor, Black West Oakland, so that downtown can become like downtown San Francisco, this gleaming cultural office white-collar district.

Didn't happen. Didn't work.

The two biggest slum clearances which was Acorn and city center in downtown were unmitigated disasters.

Larry Bernstein:

Next Topic: Museums and cultural institutions. In your book you discuss how the White elite got run out of town, what happened?

Mitchell Schwarzer:

The Bechtels and Kaisers banded together in the '50s for a state of the art museum. Downtown, right on the edge of the lake, and they built this extraordinary building. And it was a real triumph for Oakland to have this museum. But it comes at that period when the demographics are changing and, it's still a white institution serving the affluent whites, and it makes tremendous efforts to be a multicultural museum, for all of Oakland.

The last great project was the Oakland Ballet and Oakland Symphony. They took an old movie palace and turned into a concert hall. And it failed. The Oakland Symphony didn't make it. And the ballet, it's dark most nights.

Larry Bernstein:

Oakland now has a substantial Asian population. How has that culturally affected the city?

Mitchell Schwarzer:

Chinatown is the model for a 24/7 district downtown. When I moved to Oakland in 1981, it was the only place you'd go at night in downtown, 'cause there were people on the streets. Everywhere else, people went home after 5:00.

And then, with the big migration starting in the late '70s, you started to get Vietnamese, Cambodian, Laos populations. It's been a boon to Oakland.

Larry Bernstein:

I live now in Miami. This town is booming. The cranes are out. I've never seen so much residential building. Yesterday, I heard a lot of noise and I looked over and my neighbor's house was knocked down. Every house on my block will get bulldozed in the next few years. What is happening in Oakland?

Mitchell Schwarzer:

It's not actively pursuing change. Within a mile of my house or more, I don't think there's a new building built in the last 45 years. Not one. Very little commercial building. The affluent NIMBY

districts don't want development. They would freak out if you took out four two-story buildings and put up a 20 story high-rise.

Bay Area people talk about how it's the most beautiful place on Earth. And so there's a resistance to change, much stronger than you'd have in Miami or in Texas.

Larry Bernstein:

Florida and Texas are fast growing red states. And California is losing residents is this related?

Mitchell Schwarzer:

It's expensive to do business in California, it's expensive to live in California. It's a less-friendly business climate, and people want it that way. But they're upset, then, that it's so expensive. I lived in the Mission District in San Francisco, they got upset when it started getting affluent, and they couldn't afford it. And they would start decrying the lawyers who came in. And I would say, "you're not a working-class immigrant."

Larry Bernstein:

I end each episode on a note of optimism. What are you optimistic about?

Mitchell Schwarzer:

So many people are just busting to get out and start living again, and I'm optimistic that that's gonna bring positivity that the pandemic has kind of dampened dramatically.

Larry Bernstein:

Miami has been open and partying for over a year now. What is happening in Oakland?

Mitchell Schwarzer:

One of the city's unofficial names has been Oaksterdam. Oakland pioneered the legalization of cannabis.

If you walk around Oakland, you smell cannabis everywhere. And-there are beer gardens and wine bars, so this city likes a good party.

Larry Bernstein:

Let's move on to our second speaker, Tom Sancton, the author of a new book, *The Last Baron: The Paris Kidnapping That Brought Down an Empire*. Tom, go ahead.

Thomas Sancton:

On the morning of January 23rd, 1978, Baron Édouard Empain was snatched off the street in front of his home in Paris. The kidnappers promptly cut off his little finger and sent it to the family along with a ransom note demanding 80 million Francs worth about \$70 million today. They threatened to send other body parts unless the money was paid immediately.

The French press went ballistic and called it The Kidnapping of the Century. There had been dozens of other kidnappings in Europe during the 1970's, the so-called, "Decade of Lead." What made this one special? The identity of the victim and the importance of his industrial empire.

The Empain-Schneider group was a sprawling multinational comprising 175 companies ranging from transport, banking, to steel making, armaments, and most important, nuclear energy. It was central to French economic and security interests. So who was Baron Empain?

Édouard Empain, Wado to his friends, was the 40-year-old grandson of the company's legendary founder. Empain was tall, athletic, and movie-star handsome. He was rich, drove fancy cars, lived in a chateau, and vacationed on the Riviera. But he had two flaws: a weakness for high-stakes gambling, and women. During his 63-day incarceration, scandalous details about his private life leaked out into the press, doing permanent damage to his reputation, and ultimately triggering his downfall. The arc of Empain's fall has an aspect of Greek tragedy. It's also a multifaceted saga spanning three generations, and featuring a cast of fascinating characters.

The first Baron Empain was a self-made man built on railroads, energy, finance, and civil engineering. His exploits included the building of the Paris Metro, railroad construction, gold mining in the Congo, and the creation of a city on the Egyptian Desert, Heliopolis, the City of the Sun. His achievements led the Belgian King, Leopold II, to ennoble him with the Baron's title, and a freshly minted coat of arms.

When the first Baron died in 1929, he was one of the world's wealthiest men. The founder's eldest son, Jean Empain nicknamed Johnny, inherited the Baron's title, and his command over the Empain industrial empire. Handsome and charming, Johnny was a hedonistic playboy who preferred cruising around the world on his yacht, and throwing wild parties in his chateau, to minding the office. Johnny was a boozier, a gambler, and a serial womanizer who counted Josephine Baker among his many conquests.

But the woman he finally fell for was an American exotic dancer from Columbus, Ohio, Rösel Roland. Her specialty was dancing nude, covered only by a thin coat of gold paint, hence her nickname, Goldie. Johnny married her in 1937 after she gave birth to a son, Édouard aka Wado, the one who would later be kidnapped. Johnny and Goldie lived the high life, throwing extravagant Gatsby-like parties at their chateau, and hobnobbing with Europe's rich and famous. During the war, Johnny's guest list included high-ranking Nazi officers, with whom he maintained a cozy relationship throughout the occupation. At war's end, he was investigated for collaboration, but fled the country and died of cancer before he could be tried.

Finding herself cut out of the will, Goldie promptly married Johnny's impotent cousin in order to save her title and her fortune. But she lived apart from him in her own chateau. She paid little attention to her son, Wado, preferring the company of a famous jockey with whom she had a lovechild, Dianne.

Another fascinating character was the head kidnapper, Alain Caillol.

Caillol had been born into a wealthy family but turned to a life of crime as an act of revolt against his strict father. Caillol was educated at posh boarding schools and nurtured a passion for books and grand opera. After an early career as a burglar and bank robber, he organized a motley band of thugs and misfits with the aim of kidnapping a high-profile figure and holding them for ransom. Wado was then at the apogee of his career, a self-proclaimed master of the universe, whose image as a super-rich capitalist made him an obvious target for the left leaning Caillol and his band.

While researching this book, I had the good fortune to enlist Caillol as a key source. Now 80 years old, a free man after spending decades in prison, Caillol told me the inside story about how his gang carried out the kidnapping, along with the fly-on-the-wall details about Wado's long incarceration in a freezing stone quarry. He also provided a first-person account of the shootout with police that left him wounded and a fellow kidnapper dead when they came to collect the ransom.

Caillol's arrest led to Wado's release and set in motion the manhunt that finally netted his eight co-conspirators. But for Wado, it was anything but a happy ending. Because of the revelations about his private life, he emerged from his long captivity as damaged goods, lost his family and his control over the Empain group.

Within a few years, the industrial empire built by his grandfather was spun off in bits and pieces, and the Empain name disappeared. Sad to say, Wado never kicked the gambling habit, and it ruined him. When he died in 2018 at the age of 80, he was practically penniless. As I wrote in the preface, this is a cautionary tale about a man who threw caution to the wind. That's my six minutes.

Larry Bernstein:

We don't hear stories of kidnappings in the US and Europe today. Wado is kidnapped in 1978 and this was part of a pattern of kidnappings?

Thomas Sancton:

The 1970s were riddled with kidnappings, especially in Europe: Italy, Germany, France. In the US, the Petty Hearst kidnapping was a year or two before the Empain kidnapping. The Getty kidnapping. Hanns Martin Schleyer in Germany was the head of the employer's association in Germany, very powerful industrialist. He was kidnapped and assassinated by the Red Brigades.

You had two different kinds of kidnapping. There was the ideological kidnapping anti-capitalist, radical left kidnapping, and there was the kidnapping for money. Schleyer was the radical political kidnapping. So was Aldo Moro, former prime minister of Italy kidnapped by the Red Brigades and assassinated.

When Empain was kidnapped, the police assumed that it was political because he was a high-profile industrialist. It was only after the ransom note was received that it was for money.

Larry Bernstein:

The kidnappers get no ransom. One is killed in a police shootout and the others go to prison for decades. Is Wado the end of the run of kidnappings because it's perceived not to be worth the effort?

Thomas Sancton:

Wado's ransom was not paid, his kidnappers were foiled, one killed, one badly wounded, and the others tried and jailed. The French police considered that an end to the spate of kidnappings in France because it just showed it wouldn't pay. The police chief Ottavioli had this absolutely no ransom approach to kidnappings.

Larry Bernstein:

The police chief has this ingenious plan to arrest one of the kidnappers and then subsequently exchange the criminal for Wado. Tell us about this unconventional idea.

Thomas Sancton:

Pierre Ottavioli, a legendary figure in his own right, his plan was to lure the kidnappers to a rendezvous and to grab at least one of them and hold him as a hostage. Ottavioli assigned a Eurasian martial arts master to immobilize the kidnappers with his bare hands.

When the martial arts expert stopped his car along the highway where he was supposed to meet the kidnappers, a tow truck pulled up behind him onto the emergency lane. Thought he needed to have a tow. And he got out of the car to wave him off, and then all of a sudden, two of the kidnapper's leap over a wall, jump in the car, start the engine and take off with the fake ransom in the trunk.

And they were immediately set upon by police. Ottavioli had set this ambush to grab one of these guys and hold him hostage. There was a huge shoot out. One of them was killed. The other head kidnapper Alain Caillol was badly wounded. He became the hostage.

The police said if anything happened to Wado, he would've been held responsible, and France still had capital punishment by the guillotine. They put enough pressure on him to make a phone call and have Wado released.

Larry Bernstein:

Big-time kidnappings require a large team to plan, assault, guard and feed the victim. It isn't easy to find, motivate and manage a large group. People make mistakes. What happened?

Thomas Sancton:

It was a motley band of thugs: car thieves, pimps, drug pushers and bank robbers. They had a powerful esprit de corps. They were loyal to Caillol. Caillol held them hostage in a way because he could've led the police to them if they had abandoned him.

They took a vote on whether to execute the hostage. And he was spared. They released him.

Larry Bernstein:

How did they come to choose Wado as their kidnapping victim?

Thomas Sancton:

They considered other people, Marcel Dassault the aviation industrialist. Liliane Bettencourt, the L'Oreal heiress who was a heroine of my previous book: The Bettencourt Affair. Wado came to their attention because he was the subject of a number of investigative articles in the satirical weekly, the Le Canard Enchaîné, which pointed out that he fired a lot of workers.

He was an easy target because he had very regular habits. They knew where he lived. His fancy apartment building on Avenue Foch was parallel to a service road. And they figured a way to trap him in that narrow service road.

Larry Bernstein:

The police response to Wado's kidnapping was mind boggling. The police literally closed off the city using roadblocks searching for Wado. This caused an enormous traffic jam. The thought that the capital city of a G7 country would be shut down over a single kidnapping seems incredible. Why did the French do this?

Thomas Sancton:

The Empain-Schneider Group employed 150,000 people and was central to French economic and security interests.

There was a panic. Leftist kidnapping and terrorist strikes were taking place. The then president, Giscard d'Estaing, who was a personal friend of Empain was concerned because he was facing parliamentary elections in a couple months. And the leftist coalition led by François Mitterrand was threatening to gain a majority in that election. They had to make every effort to find Empain, put a stop to this, and make a show of force.

This motivated Giscard to order one of the biggest manhunts in French history.

Larry Bernstein:

There is a conflict of interest between the family and the state. The family wants Wado back. The state wants to end kidnappings for the future and is willing to risk Wado's death. Describe the conflict of interest on whether to pay the ransom.

Thomas Sancton:

The days immediately following the kidnapping there was tension between the police position, which was no ransom, and the family's position. The family wanted to pay.

The family members didn't know the state of Wado's finances. His daughters, who were then 19 and 17, and had a 13-year-old son. The kids said, he has 175 companies. Just sell a couple of companies and pay the guys. End of story. But they didn't realize that having a preponderant share of stock in the Empain group didn't give him the ownership of all these different companies.

And they didn't realize that his actual financial holdings were nowhere near the amount that was being demanded. Most of his fortune was in stock. They couldn't pay the equivalent to \$70 million today.

They came up with a plan to borrow some funds from the company and banks. They were able to put together a little more than 1/3 of what was being asked for. And they were ready to meet the kidnappers, hand over that money, and hopefully end of story.

What happened was the kidnappers, during phone exchanges, they said, "You have the money?" And he said, "I have \$30 million. And they said, "No, it's \$80 million." And they said, "I'm sorry all we have is \$30 million. That's a lotta money. You can have it." And the guy on the phone said, "Tomorrow morning, you'll have a cadaver," and he hung up the phone. And that was the end of the attempt to pay the ransom, or part of the ransom. And from that point the police position of no ransom payment prevailed.

Larry Bernstein:

Wado's financial situation is normal for a rich guy. The spouse and kids have no idea the level of wealth and how to monetize it within hours to fund a kidnapper's demands.

Thomas Sancton:

For Wado the kidnappers went barking up the wrong tree because they just assumed because the Empain-Schneider group had annual sales of \$20 billion, just take a little bit and throw it to these kidnappers. They had no idea the difference between his personal wealth and the annual sales of this sprawling industrial group. To their mind, \$20 billion in sales. he's good for it.

Larry Bernstein:

Another fascinating angle to this story is that Wado was CEO of the Empain-Schneider group, but the company took the position that the kidnapping was a personal matter and not a corporate one. If the CEO of Exxon had been kidnapped, I can't imagine that they would turn to the spouse and say sell your stock or we can give you a secured loan. I mean Wado's last name is the same as the company. Why did management tell the spouse to work it out on her own?

Thomas Sancton:

His number two, Rene Engen a very good manager, saw his chance to take over the leadership of the group.

Apart from Engen's personal ambition, the revelations about Wado's private life, his obscene gambling losses, his mistresses, and his private trysting apartments was doing great damage to the image of the group. And it's going to be difficult to have shareholders accept this very tarnished, CEO continue as before.

Although the normal reaction would be, as you said, he's kidnapped because he's the head of our group, let's bail him out. But it didn't work out that way.

Larry Bernstein:

Wado is held naked, chained by the neck to a wall in a damp and freezing cave with a bucket to piss in. The Press have Wado on the front page every day with new revelations leaked by the Police about his multi-million-dollar gambling debts and his mistresses. You can't make this stuff up.

How could the police have violated their duty to leak this personal information to the press in his most vulnerable moments. This is gross.

Thomas Sancton:

That's an excellent question. I was able to get to five of the police detectives involved in this case, and one who had had his fingers in every aspect of it. He claims that they didn't intentionally leak.

There were 80 detectives involved in the investigation. The press had a press office in the police headquarters at the time, so there was this fraternization between journalists and police officers. They go out have a meal together and talk. And so probably in this unofficial, unintended, unfortunate way, some of these details just kind of leaked.

Larry Bernstein:

The press got salacious photos of his mistresses from his secret tryst apartment. That doesn't sound like an unintended comment over a beer. Come on.

Thomas Sancton:

Yeah.

Larry Bernstein:

Wado was shamed, but this is France. The guy had gambling debts and a mistress. President Mitterrand had two families. Why the shock and horror?

Thomas Sancton:

This is France. I don't think that in itself would've been so devastating, but it certainly was to the family. That led to the destruction of his marriage and the breakup of his family. The gambling and the heedlessness would expose him potentially to blackmail or indebtedness to the mafia. Some people said his finger was cut off by criminal elements, because of unpaid

debts, which was not true, but this idea left him vulnerable to manipulation by criminal elements.

The gambling was really the main thing. But the total lack of judgment that that shows. Do you want a guy running your huge industrial group that has a monopoly of nuclear construction in France? Do you want a guy who bets \$1 million francs at these all-night betting competitions with Saudi princes in these casinos in the south of France? It's potentially a security breach and a glaring lack of good judgment on the kinda person you want at the head of a big company.

Larry Bernstein:

New Topic, the Pinky. Wado's kidnappers sent the police the top joint of his pinky in a formaldehyde solution within hours of the kidnapping. In the Getty kidnapping, they sent his ear. Why the body mutilation when you can send a photo with him holding that day's newspaper?

Thomas Sancton:

Well, when I asked the kidnapper Caillol that question, he said that they had made a game plan right from the beginning, how they'd grab him, where they'd take him, how they'd watch over him in this tunnel, the ransom and to cut off the tip of his little finger.

I asked him why they did that, and it was not to prove that they had him, identification. He said, the stun effect. They wanted to stun the police, the family, the group, and show they meant business. It was to get their attention and show that they were ruthless. And with the threat of other body parts to follow meant time was of the essence and that if the money wasn't forthcoming, things could get a lot worse than the tip of his pinky. It was a conscious decision. This is serious. You guys better do what we say.

Larry Bernstein:

Another Getty snatch comparison is the kidnapper's remote hideout. It was impossible to keep the prisoner there for a long period. It was cold and damp. Everyone was miserable. Kidnappings puts stress on everybody.

Thomas Sancton:

Absolutely. They expected this to be over in two or three days. And they thought for a couple of days the guys can hang out and eat canned food. And then it went on for weeks and then after a month people were grumbling, threatening to defect.

And finally, they chose to move him to an apartment in Paris and then they moved him to a house in the suburbs. Three or four of them just kind of just went AWOL. They said, "We've had it." It was kind of like herding cats. They all had their own motivations, their own temperaments, their own degrees of intelligence. Caillol was very intelligent, others were like borderline retarded. It was difficult to keep the group together over that long period. Caillol told me they never planned for anything beyond four days. After that, everything was improvisation.

Larry Bernstein:

Family dynamics are challenging in the best of times for wealthy families. You saw Succession. Now with a kidnapping of the leader under stress, bad things happen. It is as if a bomb has been thrown into the living room.

Thomas Sancton:

Yeah. The family was very divided over how to deal with this. First the money wasn't there. Wado's mother was a real piece of work, Goldie a former exotic dancer, stripper. She immediately remarried after her husband's death Wado's father's impotent cousin to retain her fortune and title and she was just ruthless in pursuing her own interests. In the first discussions about trying to gather the money for the ransom, she said, I'm not going to pay a penny." Silvana, the wife offered to sell her jewelry. The kids said sell a few companies. A son-in-law, the husband of the eldest daughter, who was an American, wanted to jump in and seize control of the company by having Wado declared dead and then somehow come in and take over it.

One of the effects of the kidnapping was to reveal tensions in this family. The eldest daughter and the son-in-law were estranged from Wado after his release. Wado is estranged from his mother when he found out what her attitude had been. And the wife, Silvana, decision to divorce.

Larry Bernstein:

Next topic, Stockholm Syndrome in kidnappings. Patty Hearst was a teenager when she was abducted and ended up sleeping with her kidnapper and joining their terrorist activities. What happened with Wado?

Thomas Sancton:

It's a common situation during long kidnapping where a hostage realizes that his life depends on their relationship with the jailers. If they try to get along, then they can be treated better, not killed, not tortured.

Wado decided very early on to accept this with dignity and stoicism. He never complained. They were amazed by his calm, dignity as they put it. And there's a way of manipulating kidnap victims by saying that we're your friends that the ransom was not forthcoming. "They don't care about you. They've written you off." And they really hammered this home with Wado. The guys on the outside they're the enemies.

Larry Bernstein:

Sort of like Bette Midler in Ruthless People.

Thomas Sancton:

Stockholm Syndrome in this case had a strong effect. After he was released, he was immediately interrogated by the police, he gave them very little specific information about the

kidnappers. He felt some strange lingering sense of loyalty to his former jailers. To the point where he tried not to cooperate too much with the investigators.

Larry Bernstein:

This was more complicated. The jailers had threatened Wado that they would create violence after he was released unless he did what they said.

Thomas Sancton:

He feared that the kidnappers were going to come after him after he was released. They made him sign IOUs saying that he would personally pay them ransom. They even had him put his thumbprint on the documents. They would call him with a certain code word that meant that he had to pay off within 24 hours. If he didn't do it, they would shoot somebody at random in the street.

Larry Bernstein:

Was Wado angry with the police for ruining his reputation?

Thomas Sancton:

He was very bitter towards the police and particularly the revelations about his private life. And they had not been particularly competent liberating him.

Two branches of the police that were involved. One was the investigative police, and the other was the intervention squad, the commandos who showed up on the highway who took part in the shootout with the kidnappers. He respected them; they were the guys who risking their necks. They were the heroes who led to his liberation. The ones who were back in the office, pushing paper, making phone calls, he had much less respect for.

Larry Bernstein:

In the TV show Law and Order, the first half is the investigation, and the second half is the trial. What was interesting about the trial?

Thomas Sancton:

None of them were charged with kidnapping. They were all charged with sequestration or illegal imprisonment.

Caillol attempted to present himself as an unloved child, the victim of a family that was not sufficiently supportive. He'd taken the wrong path and he knew he shouldn't have done it, but it wasn't really his fault.

The judge cut him off after a couple of minutes of that. And that was pretty much the end of his defense strategy.

Caillol had been caught and wounded on the highway. He couldn't claim that he didn't know anything about it.

Larry Bernstein:

Next topic was the Judge's ruling about the evidence.

In France when there is an interrogation, a magistrate must be present. And anything said without the magistrate will not be in evidence in court. And it turns out that during a discussion with the police, Caillol is asked the question, "Why'd you kidnap Wado?" And he goes through his analysis of why Wado was the perfect choice.

Thomas Sancton:

Yeah, that was fascinating. Caillol was in the hospital, he was exfiltrated to police headquarters and they put pressure on him that he might be facing the guillotine if anything happened to Wado. He should make a phone call and get him released, which he did. And after the police received word that Wado had been released, Caillol was still in the police chief's office along with eight senior detectives.

In this moment of victory, we solved this thing. We've liberated the baron. The chief puts his legs up on the desk and he says, "Caillol, why did you choose Wado?" And of course, he'd never admitted that he kidnapped Wado. And he said, "we figured out he'd be easy to capture and then he shut up, because he realized he'd said too much. And none of that was theoretically admissible in court. The notes that they were taking since there was no magistrate present. It's not a formal deposition. It couldn't be admitted into the court hearing.

Andre Bizeul, when the trial finally happened several years later, was assigned the role of explaining the investigation from the stand. No documents, nothing.

The judges would say, "Now, how did the interrogation proceed and what did you find?" Andre Bizeul pulled out the bomb and said, "We asked him why he had done this, and he said this and this." So, pandemonium. Caillol's lawyer jumps to his feet. Inadmissible.

The judges withdraw to the chambers. An hour later, they came out and they said, it is admissible."

It was the death knell for the kidnappers, because it was a strong indication that Caillol had been involved from the beginning and admitted as much. It was an important moment during the trial.

Larry Bernstein:

Wado comes out of this experience a broken man.

He leaves France, he's disillusioned. He leaves with one of his mistresses. After six months, he's finding his footing and returns to Europe to reclaim his position in the Company.

How does the kidnapping affect his life?

Thomas Sancton:

He wrote his autobiography on this experience and lessons learned. It had been an enlightening. His values had been all wrong. He didn't appreciate things like family and the simple things in life.

He felt that he'd come out of it a better person. Unfortunately, he never got rid of the gambling addiction and ultimately ruined him.

That's what gives it this Shakespearean tragedy aspect, which is that you're seeing the fall of a powerful man, not simply due to this unexpected event. But also due to his own flaws and it's a cautionary tale about a man who threw caution to the wind. He was a victim of his own weaknesses and his own flaws.

Larry Bernstein:

Thanks to Mitchell and Tom for joining us today. That ends today's session. I want to make a plug for next week's show.

The first speaker will be Jeremy Dauber a Professor at Columbia and the author of Jewish Comedy: A Serious History. I love comedy and want to know more about what makes Jewish comedy special and so funny.

Our second speaker is Matthew Continetti who is the Resident Fellow in Social, Cultural and Constitutional Studies at AEI. Matthew has a new book that was released this week entitled The Right: The Hundred-Year War for American Conservatism. I want to learn about how the Right has changed from William Buckley to Rush Limbaugh to Trump.

In case you missed last week's show, check it out, it was on the war in Ukraine. The speakers include the War Professor Anthony King, the Retired General Paul Kern, and the author of Putin's World Angela Stent.

As a reminder, I am looking to hire interns to work with me on this podcast.

If you are interested in listening to a replay of today's What Happens Next program or any of our previous episodes or if you wish to read a transcript, you can find them on our website Whathappensnextin6minutes.com. Replays are also available on Apple Podcasts, Podbean and Spotify.

Thanks to our audience for your continued engagement with these important issues, good-bye.

