

Corporate Criminality and the General Motors Ignition Cover-Up

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The internal report commissioned by General Motors into the recall of vehicles with a deadly ignition defect presents a devastating picture of corporate indifference to public health and safety.

Despite its transparent attempt to shield top officials from criminal charges, the report by attorney Anton Valukas shows the corporation routinely sacrificed safety to corporate profit. Its depiction of GM reinforces the perspective of the Socialist Equality Party: (1) production for private profit is incompatible with the common good, and (2) the auto industry should be publicly owned under the democratic control of the working class.

In the early 2000s General Motors authorized the production of the Saturn Ion, the Chevrolet Cobalt and several other vehicles targeted to younger drivers with an ignition switch whose torque did not meet GM's own minimum specifications. As a result the switch could be easily jarred out of the "run" position, killing power to the engine and disabling power brakes, power steering and airbags. Despite being confronted with a flood of customer complaints, including unfavorable reviews in the press, GM denied that the ignition switch posed a safety risk.

GM engineers proposed a fix, but management rejected it for cost reasons. Later, GM quietly changed the design of the ignition switch to increase its torque, but did not assign a new part number, in violation of basic engineering principles. The change was a clear attempt at a cover-up and was one of the factors that delayed the public exposure of the defect for nearly a decade.

Later, several independent studies tied the ignition defect to fatal accidents in which airbags did not deploy. However, GM refused to order a recall. Instead it authorized a series of internal "investigations" that resulted in no concrete action.

Attorneys for accident victims eventually exposed the cover-up. They proved the link between the ignition defect and airbag non-deployment and documented that GM had changed the part without changing the part number. However, even at this point, GM moved slowly on a recall, delaying for additional months while deaths and injuries mounted. When it finally issued a recall in February 2014, the company only included a portion of the vehicles with faulty ignitions. Only after another exposure in the press did it recall all of the affected models. One month later it expanded the recall again to include additional model years that might potentially contain the defect.

All of this supposedly happened without the awareness or involvement of upper-level management, let alone the board of directors. They remained blissfully ignorant of the

whole affair until the recall announcement.

After receiving the report GM fired 15 low- and middle-level managers from its engineering and legal staff and disciplined five others. It now considers the matter closed and plans no further action.

GM deliberately set up a structure designed to shield top management from any responsibility, as the report makes clear: “[D]etermining the identity of any actual decision-maker was impenetrable. No single person owned any decision. Indeed, it was often difficult to determine who sat on the committees or what they considered, as there are rarely minutes of meetings.”

While the report covers much that was already known, a number of points stand out. For example, when in December 2005 GM, in response to numerous customer complaints, issued a Technical Service Bulletin to dealers about the ignition defect, it merely advised drivers experiencing problems with the engine cutting off to remove extra items from their keychain. However, the bulletin did not describe the problem as a “stall.” The report noted that according to one GM employee, “The term ‘stall’ is a ‘hot’ word that GM generally does not use in bulletins because it raises concerns about vehicle safety, which suggests GM should recall the vehicle...” It went on to note that the employee “was reluctant to push hard on safety issues because of his perception that his predecessor had been pushed out of the job for doing just that.”

As a result the Technical Service Bulletin did not help with the problem. Even if a technician at the dealership diagnosed the ignition defect properly, he had to search GM’s database to identify the applicable bulletin without using the term “stall.” As the report notes, “The odds were not with the consumer.”

In a 2008 Powerpoint presentation to employees, GM warned against the use of certain words when writing about issues relating to safety. For example, in place of the word, “defect” the phrase “does not perform to design” was suggested. Instead of “problem”, employees were to use “issue”, “condition” or “matter.” Employees were also given examples of phrases not to use, including “dangerous ... almost caused an accident” and “this is a safety and security issue.”

In response to criticism in the press of the Cobalt ignition switching off while driving, GM claimed that engine stalls were not safety issues since the driver could still maneuver the vehicle to the side of the road or restart the car in neutral. An article published June 26, 2005 in the *Cleveland Plain Dealer* rightly ridiculed the suggestion that engine stalls were not a safety problem. The author wrote, “So, if you’re whisking along at 65 mph or trying to pull across an intersection and the engine stops [you restart the engine by shifting to neutral]. Only a gutless ninny would worry about such a problem. Real men are not afraid of temporary reductions in forward momentum.”

Airbag non-deployment

The report accepts at face value the dubious claim that GM engineers working on the Cobalt ignition problem did not understand that GM had designed the car so that turning off the ignition disabled the airbags, describing this alleged oversight as an “error.” Based on this lack of understanding of the relation of ignition cutoff to airbag non-deployment GM rated the Cobalt ignition defect as a mere matter of “convenience,” not safety. GM therefore did

not issue a recall and the defective cars stayed on the road for nearly 10 more years, taking their toll of deaths and injuries.

And what of the role of the National Highway Traffic Safety Administration that supposedly monitors vehicle safety? The report indicates that NHTSA hardly said a word during this whole period, despite the fact that the defect was so widely known that it was commented on in the press. The only documented involvement of NHTSA was at a March 2007 conference where NHTSA officials informally told GM engineers about a number of airbag non-deployment problems with the Ion and Cobalt. However, NHTSA made no formal request and did not ask GM to report back.

It should be pointed out that for a period of time while the cover-up was continuing GM was under the direct control of the US government. In the 2009 forced-bankruptcy and restructuring of GM, the federal government obtained a majority stake in the company, which it held until November 2010. At the time of the bankruptcy GM and the NHTSA were already aware of fatal crashes involving the Cobalt and other vehicles with defective ignition switches. Thus the government and its traffic safety enforcement agency had a direct monetary incentive to suppress the facts about the defective Cobalt ignition. Indeed, the Obama administration inserted a clause shielding the reorganized company from product liability lawsuits stemming from before July 2009.

Meanwhile, in 2007, two separate investigations of a fatal crash involving a Chevrolet Cobalt, one by the Wisconsin state police and one by Indiana University, both reached the conclusion that the movement of the ignition switch from “run” to “accessory” may have caused the airbags not to deploy. The Wisconsin state police investigation cited the GM technical service bulletin warning of the potential for a driver to accidentally turn off the ignition due to low cylinder torque.

The Valukas report notes that while the Wisconsin state police document “was in GM’s legal department files as of February 2007, GM lawyers and engineers working on the airbag non-deployment cases did not learn of its existence until a few months ago.”

Meanwhile, GM’s own attorneys were warning management that the ignition defect left the company open to severe legal sanctions. In January 2011, after GM settled the first airbag non-deployment case, GM lawyers requested a meeting to find out more about the Cobalt ignition switch issue. However, GM did not hold a meeting for six months. When the meeting was finally convened, witnesses reported that the senior manager of product investigations expressed reluctance to open an investigation because “the incident rate was not high.”

An engineer was finally assigned to the case, but he was not told to prioritize it or given any timetable. As a result, by early 2012 the investigation had not moved forward “one inch.”

Wrongful death lawsuits

GM faced more and more wrongful death lawsuits. In April 2012 an outside attorney submitted a case evaluation to GM regarding the crash of a 2005 Cobalt where airbags failed to deploy and the car’s sensors showed that the ignition was in the accessory position at the time of the crash. He wrote, “GM will be forced to explain that the airbags did not deploy in this crash because the Cobalt was in Accessory Mode ... It will be difficult to explain why the ignition switch toggled to Accessory Mode simply from running off-road. GM will also be forced to contend with other incidents, some of which resulted in deaths, due to

non-deployment of frontal airbags in the 2005 - 2007 Cobalt. Those other incidents put GM at risk for imposition of punitive damages.”

However, GM officials did not act on this warning. In early 2013 the company declared the investigation of the Cobalt ignition “stuck,” even though by this time its engineers had the Indiana University study in hand that correctly identified the problem. Further a GM engineer, by testing Cobalt ignition switches salvaged from a junkyard, had determined that the switch could be easily knocked out of the “run” position.

Even after a plaintiff’s expert in April 2013 showed that the Cobalt ignition switch had been redesigned in 2006 and that GM had covered it up, the company delayed another six months before considering a recall. When the committee that oversees recalls finally convened in October 2013, it continued to stall, not finally taking action until the following February.

Since that time both the Obama administration and GM have rushed to put the matter behind them. After a cursory investigation, NHTSA fined the automaker a token \$35 million and declared the case closed.

While the Valukas report outlines what can be best described as corporate criminality, it attributes GM’s refusal to issue a recall to “errors” or a “failure to connect the dots.” This is an obvious whitewash. In reality the lives of scores if not hundreds of mostly young people were sacrificed on the altar of corporate profits.

This is not just the product of the willful actions of executives, though GM officials should be held to criminal account. It above all expresses the incompatibility of the capitalist mode of production based on production for private profit with basic social needs. Corporations driven by the demands of Wall Street for ever-higher returns on investment are bound to ignore safety for the sake of cutting costs.

The production of safe and reliable automobiles requires a high degree of conscious planning and foresight, including rigorous testing and public feedback. This requires the public ownership of auto manufacturing and other mass production industries under the democratic control of the working class.

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