

General Motors CEO stonewalls House committee on ignition scandal

By Shannon Jones
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A congressional hearing held Tuesday on General Motors' delayed recall of vehicles with a defective ignition switch linked to fatal crashes followed a well-trodden path. The purpose of the event was to give the appearance of a probe into GM's decision to cover up safety issues with its Chevrolet Cobalt, Saturn Ion and other models in the interest of cutting costs, while in reality letting the company and its top management off the hook.

Evidence is now overwhelming that GM management knew for over 10 years that the ignition switches of a number of its models could be jarred out of the "on" position, disabling power steering, power brakes and airbags, but the company did not order a recall. At one point, engineers identified the problem and proposed a fix, but GM rejected it as too expensive.

The National Highway Traffic Safety Administration (NHTSA) was also aware of the problem, but never launched a formal investigation or ordered a recall.

In recent weeks, the largest US auto company has recalled more than 2.5 million vehicles because of the faulty ignition switches, having acknowledged that 13 people died in crashes as a result of the defect. The actual number of fatalities is likely far higher. One study found 303 fatal crashes between 2002 and 2012 involving the Cobalt and Ion where airbags did not deploy. The recalled vehicles are low-cost models and it appears that many of the drivers and passengers killed were young people.

The Subcommittee on Oversight and Investigations of the House Committee on Energy and Commerce called as witnesses General Motors CEO Mary Barra and David Friedman, the acting administrator of NHTSA. The hearing dragged on for four hours with few penetrating questions asked and little new information revealed.

Committee members treated Barra with deference, despite her stonewalling. In her opening remarks to the committee, Barra, who was vice president of global engineering at GM in 2008-2009, denied having any knowledge until earlier this year of the ignition switch problem. She assumed the post of chief executive this past January.

Her statement, less than two pages in length, was perfunctory and vague. She began by declaring, "Sitting here today, I cannot tell you why it took years for a safety defect to be announced in that [small car] program..." At one point she flatly stated that GM would not make available to Congress the full findings of its internal investigation of the ignition defect.

No one on the House panel suggested that she be held in contempt of Congress or that she and other top GM executives be prosecuted on criminal charges for the cover-up. Instead, committee members again and again suggested that the problem was merely a lack of communication within the company.

The hearing did elicit some revealing facts. In the course of the questioning, Barra admitted that in 2002 GM approved an ignition switch that did not meet its specifications, but claimed she had no idea why. It was then pointed out that a redesigned switch approved in 2006, which was installed on 2008-2010 models, did not meet company specifications either. Barra responded by saying, "Just because a part doesn't meet specifications doesn't mean it is defective."

She was also asked about GM's decision in 2006 to approve a redesigned ignition switch for the Cobalt and other models without assigning a new part number, an action highly suggestive of a cover-up. The engineer who signed off on the change is still working for GM, but Barra indicated he had never been questioned about his actions. No one on the panel pressed the CEO

further on the issue.

Committee members cited a chain of internal emails demonstrating that the company rejected a fix of the ignition problem due to cost considerations. In one of the emails, an engineer wrote: "I was aware of an issue with 'inadvertent ignition offs.'" However, he said, the new part would cost 90 cents while warranty costs came to only 10 or 15 cents, so the fix would have to wait another year.

One committee member pointed to a 2005 article in the *New York Times* reviewing the Cobalt which noted that the car suddenly went dead while being driven. At the time, a GM spokesperson said he didn't think it was a big issue because the car was still "controllable." Barra claimed she did not recollect the *Times* article.

She made much of the fact that GM has retained attorney Kenneth Feinberg as a consultant on compensation for accident victims and their families. Feinberg, a corporate lawyer, was chosen by the Bush administration to oversee compensation for victims of the 9/11 attacks. He was subsequently appointed by the Obama administration to oversee compensation to victims of the BP oil spill. In both posts he was ruthless in limiting payouts, helping BP to save billions of dollars in damage claims. In between these jobs for the ruling class he served as the so-called "pay tsar" for the government bank bailout program, enabling Wall Street executives to continue awarding themselves seven- and eight-figure compensation packages.

In his appearance before the committee, NHTSA acting administrator David Friedman sought to deflect all blame onto General Motors, claiming it withheld vital information without which the agency could not launch a full investigation. He defended the decision of NHTSA not to order a recall of GM vehicles with defective ignitions, claiming the cases were too complex and involved for the agency to make a proper determination.

He made this claim despite the fact that NHTSA investigators were aware by 2007 of hundreds of customer complaints about unexpected stalling and the agency had discovered a pattern with the Cobalt and other vehicles in which airbags failed to deploy and the ignition was in the "accessory" position.

One committee member noted the contrast between NHTSA's response to complaints about the defective GM ignition switch and its recent pursuit of Hyundai.

Based on a single customer complaint from an owner who was slightly cut when an airbag deployed, the agency opened an investigation into the Korean auto maker that led last year to the recall of 190,000 vehicles.

The Obama administration is itself deeply implicated in the cover-up. After the 2009 bankruptcy and restructuring of GM, the US government was the majority shareholder in the company until November 2010 and only recently sold off its remaining stake. The White House inserted a clause holding GM harmless from product liability lawsuits stemming from before July 2009 at a time when GM management was aware of fatal accidents involving defective ignition switches.

Barra and Friedman are set to testify again on Wednesday, this time before the Senate Commerce subcommittee on Consumer Protection, Product Safety and Insurance.

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