

# California jury imposes record \$4.9 billion fine in GM product liability case

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A Los Angeles Superior Court jury July 9 ordered General Motors to pay a record \$4.9 billion in damages to two women and four children who were severely burned when the gas tank of their 1979 Chevrolet Malibu exploded after a rear-end collision six years ago.

Patricia Anderson, her four children and family friend Jo Tigner were awarded \$107 million to compensate them for their pain, suffering and disfigurement. Jurors awarded \$4.8 billion in punitive damages after finding that GM, the world's largest automaker, acted out of fraud or malice. The verdict was quick and unanimous, particularly after jurors heard evidence that GM chose not to spend \$8.59 per car to relocate the Malibu fuel tank because it cost less to settle lawsuits from injuries and deaths in fuel fires.

One piece of evidence was a 1973 internal "value analysis" memo prepared by a GM engineer Ed Ivey, which calculated that deaths from such accidents cost the company \$2.40 per automobile. Jurors also saw another internal memo that stated gas tanks should be placed no closer than 15 inches to the rear bumper. The Malibu's gas tank was 11 inches from the bumper.

The Ivey memo had been suppressed since 1981 when an attorney hired by GM to find incriminating documents warned, "Obviously, Ivey is not an individual whom we would ever, in any conceivable situation, want to be identified to plaintiffs ... and documents he generated are undoubtedly some of the potentially most harmful and most damaging were they ever to be produced."

GM was forced to make the memo available to plaintiff lawyers in 1983, but up until last May judges had refused to allow it into evidence because the automaker claimed upper management had never seen it. GM also said the cost analysis had no bearing on

design decisions about fuel tanks.

But last year a judge in a Florida case involving the death of a 13-year-old girl allowed the memo to be introduced after the plaintiff attorneys located another internal memo proving that Ivey had lied in earlier depositions when he claimed GM was not aware of problems with its fuel systems. A 1981 statement to GM lawyers, which the company also fought to suppress, said Ivey's value analysis was prepared for management in GM's Oldsmobile division.

"For 18 years, GM has woven a web of deceit that has finally been cracked," Mark Robinson, one of the plaintiff's lawyers in the Los Angeles case, told the jury.

Attorneys for GM argued that the Malibu was safe and had passed government safety regulations. During the trial, however, a GM engineer admitted that the company's own crash tests showed the fuel system leaked and that it is possible to have an unsafe fuel system that meets government safety standards. Robinson, who had successfully litigated a 1978 case against Ford Motor Company for exploding gas tanks on its Pinto model, said that car had never been cited for federal safety violations either.

After their verdict jurors expressed their outrage at the company's arrogance and disregard for human life. "GM has no regard for the people in their cars, and they should be held responsible for it," said jury foreman Coleman Thornton.

"GM talked to us like we are stupid," juror Leonard Carter said. "Regular people like us buy cars like that. It shouldn't be allowed." Carl Evangelisti added, "I never knew how much power corporations have. We're just numbers, I feel like, to them."

"We're telling [GM] that when they know that something ... is going to injure people, then it's more

important that they pay the money to make the car safe than to come to court and have a trial all the time,” said juror Sheila Nash.

GM issued a statement after the verdict denying responsibility for the injuries and blaming the tragedy on an allegedly drunk driver who had hit the Andersons' car.

Attorneys for the plaintiffs did not ask for a specific amount, but pointed out that GM paid one of its expert witnesses \$3.5 million over four years and spends about \$4 billion annually on advertising.

GM's lawyer, Richard Shapiro, announced, “I have never been more confident of a verdict being overturned than I am of this one.” He denounced the jury for coming back with an “irrational verdict” and added, “the message to corporations is there is something wrong with the legal system, and reform is needed.”

Shapiro's sentiments were echoed by various news commentators and editorialists who were chiefly concerned about the verdict's impact on GM's stock prices. Stunned and angered by the multibillion-dollar verdict, the *Wall Street Journal* published an editorial July 12 entitled “Why not a zillion?” The newspaper's editors complained that the GM judgment and “such mockeries of justice” as the recent breast-implant litigation, signaled that “the United States was losing its status as one of the civilized world's most admired legal systems.”

While the newspaper's editors were confident that the judgment would be reduced on appeal, the *Journal* said the judgment sent a bad message, particularly to countries where US corporations hoped to do business, presumably without worry about similar lawsuits. The newspaper said US officials and the IMF were telling Russia, China, Serbia to establish a “rule of law,” but then it asked sarcastically, “Like in that LA courtroom?”

The *Detroit News*, the mouthpiece of the US auto companies, wrote, “All of society pays a steep price when the primary function of the tort system becomes the redistribution of corporate wealth.”

The *News* went on to defend GM's policy of placing a price tag on human lives. “Cost-benefit calculations are as normal and necessary in business as they are in life. No vehicle—or any product or experience—can be made risk-free. Manufacturers must determine how to

rationally allocate costs to achieve the greatest return on safety. To pretend that dollars and cents are not part of the equation is sheer nonsense.”

Three days after the GM verdict another California jury ordered Ford Motor Co. to pay \$295 million to the family of a couple and their son who were killed in the rollover of a Ford Bronco.

In a country where the interests of the working class can find almost no expression through the trade unions or official political channels, it has often been the case that the struggle against the economic and political domination of big business has been expressed, albeit in a distorted fashion, through legal conflicts. In the Los Angeles verdict the jury spoke for tens of millions of working people. That is why corporate America and its spokesmen in the news media are anxious to “reform” the court system even further, so all restrictions on the operations of the free market are removed.



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