

The Firestone tire recall: a case study in the contradiction between public need and private profit

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In the wake of US Congressional hearings into accidents and deaths caused by the failure of Firestone tires, information continues to surface demonstrating that both Firestone and Ford were aware of problems with the tires well before the recall announced last month. Evidence is mounting that the two corporations attempted to avoid a recall in the United States of at least 6.5 million tires that they knew were faulty. So far 103 deaths in the US and over 150 internationally have been attributed to the failure of certain Firestone tires, many of which are equipped on the Ford Explorer sport utility vehicle (SUV).

Many congressmen have adopted a sharp tone against the two corporations and the National Highway Traffic Safety Administration (NHTSA), the federal agency investigating the recall. The latter is blamed for taking too much time to notice the pattern of tire failures, for “being asleep at the wheel,” as one congressman put it. The corporations face civil and possible criminal prosecutions from states and individuals for deliberately marketing a product that they knew was faulty and potentially fatal.

The criticisms from congressmen and the media generally focus on individual decisions made by the corporations and NHTSA. This, however, begs the question: how were Firestone and Ford able to subordinate public safety to private gain, and why did NHTSA fail to insure that the products being marketed were safe?

The regulatory failures of the federal agency and the anti-social policies of the corporations are rooted in social and historical factors that transcend the culpability of individual executives or regulators. The Firestone debacle is the culmination of a quarter-century of American government policy, which has seen the virtual dismantling of the modest restraints placed upon big business during the post-war period.

The rise and fall of government regulation

Government regulation of private corporations was first implemented in the United States in the late 19th century and was increased in response to the depression of the 1930s, but most of the modern governmental regulatory agencies—including NHTSA, the Environmental Protection Agency (EPA) and the Occupational Safety and Health Administration (OSHA)—were established during the 1960s and 70s.

These new agencies were created in response to popular demands for minimal working conditions and product standards, for protection of the worker and the consumer from the unrestrained dominance of big business. Corporate regulation was part of a general policy of social reform that saw the creation or extension of government programs such as Social Security, Medicare, Medicaid and welfare.

Corporate regulation always remained limited in character and never challenged the basic needs of the profit system. Government agencies such as NHTSA had little real power and retained close ties with the corporations they were responsible for regulating. However, they did

institute minimum safety requirements that attempted to prevent the mass sale of products that were clearly defective or hazardous.

Big business has consistently opposed such restraints. However, in the interests of the stability of the capitalist system as a whole, government regulations remained in effect for most of the 1970s. Democratic President Jimmy Carter, who took office in 1977, initiated extensive deregulation, especially in the trucking and airline industries. Under Republican President Ronald Reagan the dismantling of federal control of big business accelerated rapidly.

It is no coincidence that the gutting of government regulations on business coincided with massive attacks on the social position of the working class. US business faced increased foreign competition, from Japan and the emerging markets of Southeast Asia to Germany and the other European powers. Facing declining market shares both abroad and at home, and the impact of economic recessions in the mid-70s and early 80s, American capital was no longer willing to accept either the wages, benefits and working conditions which broad sections of workers had achieved since the 1930s, or the limited restrictions that had been placed by the government on its ability to accumulate profit.

The US auto industry, which was regulated primarily by NHTSA and the EPA, was particularly hard hit by international competitive pressures and the oil shocks of the 1970s. The dominance of the Big Three automakers—Ford, Chrysler and General Motors—over the US market was rapidly eroding. During his 1980 campaign, Reagan declared, “The US auto industry was being regulated to death ... It simply needs the freedom to compete, unhindered by whimsical changes in energy, environmental and safety regulations.” He declared that he would “close down the federal auto safety program.”

The Reagan administration, with the tacit collaboration of the Democrats, who controlled the House of Representatives for both of Reagan’s terms and the Senate from 1986 to 1988, inaugurated a union-busting campaign, while simultaneously slashing the budgets of government regulatory agencies. One of the first major attacks on the working class took place in the airline industry. In line with its policy of deregulation, the preceding Carter administration had laid out plans to provoke a strike by PATCO air traffic controllers in order to break the union. The attack on the controllers was seen as a vital part of a strategy to reduce the wages and benefits of all unionized workers in the industry, and create the type of “flexible” work force considered a prerequisite for placing commercial air transport completely at the mercy of the market. These plans were carried out by the Reagan administration in 1981.

The AFL-CIO bureaucracy played a critical role, systematically isolating and betraying scores of strikes against wage cuts and union-busting, including the PATCO strike. It adopted the corporatist policy of labor-management “partnership,” repudiating any perspective of class

struggle. At the same time it largely dropped its campaign from the previous decade for tougher on-the-job health and safety regulations. The working class was left without an organized means of opposing the right-wing policies of the ruling class.

In accordance with the government's pro-business policy, the Office of Management and Budget, which was the focal point of Reagan's deregulation agenda, employed cost-benefit analysis in evaluating existing regulations; that is, a regulation would only be continued if the costs to corporations were outweighed by the presumed benefits. This approach, inherently biased in favor of big business, rejected the idea that unsafe working conditions or product defects should be corrected in the interests of the public, no matter what the cost. Cost-benefit analysis had already been introduced by NHTSA as early as 1972.

The turn to deregulation during the Carter and Reagan administrations occurred in the midst of two major recalls: one by Ford and the other by Firestone. During the 1970s, Ford used the cost-benefit analysis method to weigh the value of human life (calculated by NHTSA at \$200,000, mostly in productivity losses!) against the cost of modifying the design of its Pinto compact. The fuel tank of the Pinto was so vulnerable that it would easily rupture—potentially causing a fire—if the vehicle was hit from behind.

Ford's analysis was eventually overruled by NHTSA, under public pressure, and a recall was ordered after the Pinto had been on the market for seven years and at least 28 people had died in gas tank explosions. Ford became the first corporation ever prosecuted on criminal homicide charges, though the company was eventually acquitted.

Firestone's last major recall, which nearly bankrupted the company and led to its acquisition by Japanese-based Bridgestone, took place in 1978. As with the recall announced last month, it involved abnormally high tread separation, resulting in accidents and deaths. Most of the tires involved in that recall, as with those currently being recalled, were produced at Firestone's Decatur, Illinois plant. Poor quality was cited as one of the main causes of the failures, and many proposals were advanced to strengthen and update regulatory procedures. None of these initiatives saw the light of day; rather, the opposite occurred.

The deregulatory process that was accelerated under Reagan continued under Bush and Clinton. Clinton positioned himself as a New Democrat and prided himself on his fiscal discipline. Under Clinton, both parties have backed further attacks on government restraints on corporate profit-making. In spite of the Wall Street economic boom, NHTSA's budget is a third lower than it was in 1980, in inflation adjusted terms, and the other regulatory agencies have fared no better.

The congressmen and media pundits who now clamor about the actions of Ford, Firestone and NHTSA have collaborated in creating the political and economic environment that fostered the tire disaster. Republican Bill Tauzin of Louisiana, chairman of the House Commerce Subcommittee on Consumer Protection, has criticized NHTSA for its role in delaying the recall. However, he is one of the most insistent defenders of unrestricted property rights and has proposed legislation that would do away with income and estate taxes and would eliminate sales taxes on goods or services purchased for business use. The chairman of the House Commerce Committee, Tom Bliley, has also of late been critical of Firestone and NHTSA, but he has been a consistent defender of cost-benefit analysis in determining the efficacy of regulation.

The triumph of the "free market" and the attacks on the working class

The deregulatory agenda of the Democrats and the Republicans has been justified by the conception that the workings of the market are the best and most efficient means of promoting the common good. The market, the American people have been told, represents the most perfect expression of social organization, no matter how complex the reality of modern economic and social life. So-called "free competition," a misnomer in an

economy dominated by a handful of increasingly global monopolies, is held to be the surest guarantee that only the best products will find a market, and that corporations making poor quality products will be put out of business by consumers. Government regulations are portrayed as hindering this "natural process." The glorification of the market has gone hand in hand with the vilification not only of socialism, but even the modest regulatory efforts of post-war American liberalism.

The modern-day ideologues of market capitalism depict the market as some neutral and beneficent force, when in fact it has always been an instrument of the most powerful financial and corporate entities. Historically, the attempt to regulate monopoly capitalism has been advocated by the more far-sighted representatives of the capitalist class, who have correctly seen in the unrestrained promotion of the short-term interests of big business a threat to the stability of the capitalist system itself. This conception prevailed during the post-war period, but was possible only because of the hegemonic position of American capital and the expansion of the world capitalist economy as a whole. By gutting regulation and leaving social and economic life almost completely at the mercy of the market, the ruling circles have exacerbated greatly the contradiction between the development of technology and the productive forces as a whole, and the inherently anarchic character of capitalist production relations. This contradiction finds its expression in a whole host of mounting problems—decaying social infrastructure, the crisis in health care, education and housing, and, more generally, ever greater social inequality, with unprecedented levels of luxury and parasitism for the privileged few existing side by side with the most appalling growth of poverty among the vast majority of the world's people.

Deregulation has coincided with an intensification in the exploitation of the working class. The two are part of a single drive to counteract declining profit rates. This is especially true in the auto industry.

Autoworkers work an average of seven hours overtime per week, and often much more. Overtime in the auto industry is reaching levels last seen during the war-oriented economy of the early 1940s. At the same time, the corporations are laying off workers, forcing those who are left to make up for the dwindling labor force. As *Business Week* reports, "even at double time, overtime is cheaper than adding workers to the payroll and providing them with expensive benefits, such as health care and pension."

Such developments have contributed to the record number of auto recalls in recent years. In the case of the present Firestone recall, the strike-breaking tactics of big business also played a direct role. Firestone workers went on strike in 1994, and the corporation hired scabs to replace them, many of whom did not have the skill required for building tires by hand. After the strike was defeated in May of 1995, management began employing workers in 12-hour shifts, often forcing them to alternate between days and nights. It was during this period—between 1994 and 1996—that most of the tires being recalled were built.

While neither the corporations nor their political representatives can be absolved of responsibility, their individual actions are rooted in much deeper economic conditions, and it is to these that one must look for any serious and lasting solution to the problem. The Firestone debacle points to a basic contradiction between the needs of society and an economy driven to an ever greater extent by the short-term demands of Wall Street and the financial elite.

The stock market has been elevated to become the chief means by which the vast bulk of society's wealth is delivered into the hands of a small minority. In order to maintain its existence, a corporation must satisfy the relentless demands of big international investors and speculators for short-term increases in "share holder value," i.e., the market value of corporate stocks. Companies must consequently skimp on any expenditures—research and development, long-term infrastructure, maintenance, on-the-job safety, environmental considerations—that detract from the bottom line. Government regulations that cut across the short-

term drive for profits and higher share prices are not tolerated.

Under such conditions, how is it possible for product safety and the needs of workers and consumers alike to receive adequate consideration? Ford has recently announced that, in order to shore up the price of its declining share value and retain the interest of Wall Street investors, it will buy back \$5 billion of stock, money that could be used to improve quality standards or hire more workers and improve their working conditions.

It is within this context that one must place the current Firestone recall, and the hundreds of deaths and injuries worldwide attributed to tire failures. If any conclusion can be derived from these events, it is the ultimate futility of reformist measures implemented through the medium of the Democratic Party and the capitalist state. Serious reforms, in any event, would not be tolerated by big business, whose interests both the Democrats and Republicans serve. Any attempt at meaningful reform immediately confronts the basic question of the control of the productive process itself. Events such as the Firestone disaster can be prevented, and the contradictions of capitalism overcome, only through the building of an independent political party of the working class capable of opposing the interests of Wall Street. Such a movement would have as its goal the reorganization of society on socialist principles so that production is controlled democratically and is oriented towards public need and not private profit.



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