

Obama administration whitewashes GM cover-up

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Last week the US Department of Transportation announced the end of its investigation into General Motors, fining the company a mere \$35 million for covering up a deadly ignition switch defect for over a decade. At least 13 people have been killed from accidents relating to the defect, with the true number likely much higher.

The agreement between the government and GM is a whitewash. It shields the company and its executives from civil charges for failing to inform its federal regulator of a major safety defect, in exchange for a derisory fine.

“Upon receipt of the payment,” reads the agreement, the US government “releases GM, including its current and former directors, officers...from liability for civil penalties” related to covering up for the defect.

In announcing the deal, US Secretary of Transportation Anthony Foxx was forced to admit that, for a company the size of GM, “\$35 million is a rounding error.” The auto giant made \$3.8 billion profit in 2013, more than 100 times the fine.

Federal law requires automakers to notify the Department of Transportation within five days of discovering a safety-related defect. Instead, the company informed regulators thirteen years after it initially discovered in 2001 that the part did not meet its internal specifications. This was only after it became impossible to cover up the crashes resulting from the defect. The company produced cars with the faulty ignition switch for the better part of a decade, endangering millions of people for the sake of saving an estimated 57 cents per vehicle to replace the part.

In announcing the deal, regulators did everything possible to avoid giving the impression that GM deliberately covered up the defect. GM’s “decision making, structure and process stood in the way” of

resolving the safety problems, concluded David Friedman, the acting administrator of the National Highway Traffic Safety Administration (NHTSA).

The Department of Transportation is relying entirely on GM for any further investigation, insisting only that the company provide the government with the findings of its own ongoing internal investigation.

The great majority of GM’s defective cars—which the company in internal documents had to instruct employees not to refer to as “death traps” or “rolling coffins”—remain unrepaired. According to the company’s own estimates, less than ten percent of the 2.4 million recall kits it plans to manufacture will be completed by the end of this month, much less installed in vehicles.

During the 13 years since GM began to suspect that the switches were defective, the NHTSA did everything in its power to turn a blind eye to the defect and drown out a growing chorus of complaints.

In the document outlining its agreement with GM, the Department of Transportation admitted that “in 2007 and again in 2010,” the government reviewed complaints of airbags failing to deploy due to the ignition switch, but “determined that it lacked the data necessary to open a formal investigation.”

As a result of the 2009 bankruptcy and restructuring of GM, the government was the majority shareholder of GM through November 2010. The Obama administration inserted a clause into the bankruptcy agreement that sought to protect the reorganized company from product liability lawsuits stemming from before July 2009, even though GM and the government were already aware of the ignition defect and the deadly crashes related to it.

The GM ignition scandal follows an all-too-familiar pattern. The 2008 financial crisis, the Deepwater

Horizon/BP oil spill and Upper Big Branch mine disaster in 2010, Wall Street's "robo-signing" foreclosure scandal, JPMorgan's 2012 lies to the Securities Exchange Commission, the LIBOR scandal, and many, many more—all followed the same script.

In each of these cases, calculated decisions by major corporations to increase their profit by breaking the law are facilitated and covered up by regulators, and only became public when their consequences can no longer be swept under the rug.

In the aftermath of each of these crimes and disasters—many costing lives, others the livelihood of working people—the government levied slap-on-the-wrist fines on those responsible, while shielding executives from criminal prosecution and ensuring that the companies were able to continue business as usual.

This string of corporate crimes and their cover-up by the government speaks volumes about the nature of social relations in America. Corporate crimes like those carried out by GM are the outcome of the capitalist system, in which the lives of countless millions are subordinated and sacrificed to the profit interests of big business. Government regulatory agencies, along with the Democratic and Republican Party politicians, far from preventing corporate criminality, function as little more than front men for big business.

This setup is completely backwards and irrational. It is not a question of one company, one regulatory agency, or even one administration; the entire organization of society is dysfunctional.

The alternative to this setup is socialism: the organization of society to meet social need, not private profit. Massive corporations like GM must be nationalized and put under the democratic control of workers and the broader population as part of a planned, socialist economy.



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