

General Motors recalls more vehicles for ignition defects

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The new year began with General Motors announcing the recall of another 92,000 vehicles in the US and Canada with an ignition defect that could lead to engine stalls. The recalls are in addition to millions of vehicles recalled in 2014 with a similar defect tied to numerous fatal crashes.

The latest recall includes trucks and sport utility vehicles from the 2011-2012 model year and vehicles from 2007-2014 that were “repaired” with defective parts. According to GM an outsized ignition lock actuator can lead to the ignition being stuck in the “start” position. From there the ignition switch can be easily jarred into the “accessory” position, killing power to the engine and disabling safety equipment, including airbags.

Last year GM recalled 2.6 million Chevy Cobalts, Saturn Ions and other low-cost vehicles with an ignition defect that could lead to accidental engine cutoff. The recall followed a decade-long cover-up by the world’s second largest automaker, which tried to hide the connection between the defect and crashes and non-deployment of airbags that resulted in the deaths or serious injuries of hundreds of drivers and passengers.

The latest recall capped a record year for auto recalls in the US affecting more than 63.5 million vehicles produced by various automakers in 2014. GM issued a record 84 recalls last year involving the equivalent of about 40 percent of its vehicles on the road. Total US recalls in 2013 affected 21 million vehicles with GM recalling just 757,000 vehicles.

GM for years bitterly contested wrongful death lawsuits by the families of crash victims. Following the exposure of the cover-up of the ignition defect GM announced the creation of a Victims Compensation Fund, in order to head off more costly lawsuits. Initially, GM only recognized 13 deaths related to the defect.

To date the Victims Compensation fund has received 269 death claims and approved only 42. Forty-six have

been rejected and 54 are under review. Another 127 have been deemed to lack sufficient documentation. The fund has also received 2,220 claims for physical injuries. To date only 58 of these claims have been approved. Due to the high number of claims, the deadline for filing has been pushed back to January 31, 2015.

The fund is only designed to compensate victims for injuries related to the 2.6 million vehicles recalled for ignition defects. Claims related to another 13.5 million vehicles recalled worldwide for other ignition problems, including the latest recall, are not covered.

GM also faces 170 economic lawsuits over the loss of value of its vehicles due to the recalls. Plaintiffs are asking a US bankruptcy judge to set aside the shield imposed by the court on claims arising before GM entered bankruptcy in July 2009. At issue is whether the company committed fraud by deliberately concealing the ignition defect when it filed for bankruptcy.

In another major defect scandal, 10 carmakers have recalled vehicles with defective airbags manufactured by parts maker Takata. The airbags can explode, sending metal shrapnel into the passenger compartment. There are reports that Honda destroyed the results of tests it conducted in 2004 after fatal accidents involving exploding Takata airbags instead of alerting federal regulators as required by law.

Illustrating the revolving door between the federal government and the auto industry, Honda has hired three former US Transportation Secretaries to provide advice on how to manage the crisis. The Transportation Department oversees the National Highway Traffic Safety Administration (NHTSA), the supposed watchdog over vehicle safety.

Honda and other automakers have tried to limit the recall only to areas of the US with higher humidity, which can increase the likelihood of airbag failure. Five deaths and 40 injuries are linked to the defect.

The continued recalls by GM and other automakers demonstrate that far from being an isolated case, the ignition switch problem on GM vehicles is part of a far broader trend of neglect of safety in the interest of profit, a process that has been aided and abetted by US regulators.

Congress has given NHTSA a derisory \$10 million annually to fund its safety investigation office, an amount that has not increased in 10 years. There are just nine safety investigators to handle 75,000 yearly complaints.

Internal company documents reveal that GM knew of the ignition defect as early as 2001. However, management rejected a fix proposed by engineers as too costly. Meanwhile, deaths and injuries mounted. Later an engineer authorized a fix to the ignition switch, but did not change the part number, a clear indication of a cover-up. However, GM steadfastly refused to acknowledge that the ignition problems posed a safety risk, labeling it a “customer satisfaction” issue. It only ordered a recall when attorneys for an accident victim uncovered documents exposing the cover-up. Even then the company delayed for months.

As for NHTSA, it was alerted to the dangers posed by the defective ignition switch as early as 2007. However, the agency did not order a recall, instead working with GM to keep the problem out of public view.

In the wake of the public exposure of GM’s cover-up, NHTSA conducted an investigation that resulted in a mere \$35 million fine, less than one day’s revenue for the giant automaker. GM’s own internal investigation scapegoated a few lower ranking officials.

A series of congressional hearings followed, with federal lawmakers posturing as advocates of consumer safety. However Congress took no substantive action. Predictably, no senior management officials have been held to account.



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