

Obama defends GM cover-up of deadly ignition defect

Shannon Jones
13 January 2015

Following a year that saw General Motors recall nearly 31 million vehicles amid revelations that it covered up deadly defects in its cars, profits for the automaker are soaring. With the company, the political establishment and the media claiming that GM has corrected its past “mistakes,” sales were up 19 percent in December and 5.3 percent for all of 2014. Fourth quarter earnings have not been released but are expected to be substantial.

This is cold comfort for the families of those killed or injured while driving defective GM vehicles. They know the company has gotten away with murder and that its top executives and wealthy investors are laughing all the way to the bank. Documents show company officials knew of problems with the ignition switches as early as 2001 and did nothing to warn the public or recall the vehicles for more than a decade.

So far, GM’s victims compensation fund has received 303 wrongful death claims relating to the ignition defect, and has agreed to pay compensation to only 45. It has received another 2,407 claims for physical injury.

The company’s accomplice in the cover up was the National Highway Traffic Safety Administration (NHTSA), the federal regulatory agency that ignored evidence pointing to a problem with the now recalled GM cars.

Now President Obama has weighed in after remaining silent for months. In remarks made to the *Detroit News* last week the president did not call for any accountability from GM management. On the contrary, he trivialized the entire affair and urged automakers to be more careful in the future, suggesting that “not catching problems” was bad for business.

Asked to comment on the ignition scandal, Obama said he wanted the newly appointed head of NHTSA,

Mark Rosekind, to “work with the auto companies to catch problems early and recognize that in today’s environment—with savvy consumers and active social media—you are being penny wise and pound foolish not catching these problems on the front end.”

“They’ll catch up with you,” he added. “When you don’t catch them early, you are putting people at risk.” He went on to praise the quality and safety of American cars, under conditions where US auto companies recalled a record number of vehicles in 2014.

These remarks amount to a defense of corporate criminality. Nowhere was there any suggestion that GM concealed the safety problems with its vehicles, which only came to light after victims’ families fought legal battles in the face of intimidation and threats from the company. Nor did Obama acknowledge the role of NHTSA, the supposed government watchdog, which aided and abetted GM in its cover-up.

Instead, the president implied that the sacrifice of safety to the drive for profits was understandable (“penny wise”) but could backfire. Under conditions where public vigilance has been aroused by the exposure of the callous neglect of safety and the collaboration of NHTSA, he warned, concealing defects could have long-term costs (“pound foolish”) in the form of a damaged corporate image and falling sales.

As for facing criminal prosecution or serious economic sanction, the Obama administration made it clear GM executives had nothing to fear last May when the US Transportation Department shut down its investigation and issued a wrist-slap fine of \$35 million to GM, less than one day’s revenue. Congress, likewise, after blowing some smoke at public hearings into the recalls, did nothing to hold GM to account.

Far from the government championing public

interests, everything the Obama administration did was aimed at boosting GM profits even further. In the 2009 forced bankruptcy and restructuring of GM the Obama administration inserted a clause that held the reorganized company harmless for product liability lawsuits stemming from before July 2009. Under conditions where GM and federal regulators were already aware of safety problems with GM vehicles, this amounted to little more than shielding the guilty.

The actions of the Obama administration in relation to the GM ignition scandal is the latest in a long list of cases, from the Wall Street collapse and the Deepwater Horizon/BP oil spill to the Upper Big Branch mine disaster, where the White House has intervened to shield corporations involved in blatant violations of the law. In each case, US government regulatory agencies acted as frontmen for big business. Far from being made to pay for their crimes, these corporations are doing better than ever.

Over the past several decades there has been a systematic drive by both the Democrats and Republicans to dismantle consumer protection, environmental, occupational safety and labor law protections enacted in an earlier period.

At NHTSA it is business as usual. After waiting a year following the resignation of former NHTSA chief David Strickland in December 2013 Obama has appointed Rosekind, an insider, who previously served on the safety board, to head the agency. The White House has, meanwhile, called for only a token increase in NHTSA funding under conditions where the total budget for NHTSA's safety investigation office is just \$10 million a year. Meanwhile, soon after leaving NHTSA Strickland took a job at a law firm that lobbies on behalf of the auto industry on regulatory issues.

Obama's actions demonstrate that all sections of the political establishment, Republicans as well as Democrats, serve as tools of big business. This is not just a question of one administration, however, but of an irrational system of economic and social relations—capitalism—that subordinates every aspect of social life to the drive for profit by vast multinational corporations and the powerful financial concerns behind them.

If the wellbeing and interests of the majority are to take precedence over the profits of a few, the working class must fight for the establishment of a workers

government and the democratic control of economic life. This includes the nationalization of the auto industry and its transformation into a public utility as part of a planned socialist economy.



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