

Obama administration issues wrist-slap fine for Fiat Chrysler's deadly recall delays

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The National Highway Traffic Safety Administration (NHTSA) has levied a \$105 million fine against Fiat Chrysler for delaying the recalls of millions of unsafe vehicles. Although the penalty represents the largest ever imposed by the agency that monitors US motor vehicle safety, it is a small fraction of the automaker's revenue and profits.

In addition, Fiat Chrysler Automobiles (FCA) has been ordered to repurchase more than one-half million Dodge Ram pickup trucks built between 2008 and 2012 because defective steering parts can lead to loss of driver control. A class action lawsuit alleges that the driver's side tie-rod ball stud is too weak to withstand normal use and can fracture. In the worst case this can cause a "death wobble," a severe vibration that can only be controlled by bringing the vehicle to a stop. Chrysler will be allowed to repair and resell the vehicles it buys back.

The consumer group Center for Auto Safety (CAS) pointed out that the settlement did not require Fiat Chrysler to buy back Jeep vehicles with defective rear-mounted fuel tanks prone to explosion and fire in a rear-end collision. NHTSA found 75 deaths related to the defect while in its own study the CAS found 187 fire deaths in all Jeeps being investigated by the federal safety agency.

As part of the consent agreement, Jeep owners will get a \$1,000 coupon towards a new Jeep that costs \$35-\$40,000. Very few owners will be able to afford that price, meaning that most unsafe vehicles will stay on the road.

In a statement hailing the settlement, US Transportation Secretary Anthony Foxx declared, "Today's action holds Fiat Chrysler accountable for past failure, pushes them to get unsafe vehicles repaired or off the roads and takes concrete steps to keep

Americans safer going forward."

In fact, the fine represents a derisory penalty for a company that made \$4.1 billion in 2014, and more than \$10 billion since Obama's restructuring of the company in 2009. The company's CEO, Sergio Marchionne, was paid \$72 million in 2014 alone.

The Center for Auto Safety noted that the \$105 million was even less than the \$185 million levied against Daimler Chrysler for bribing foreign officials over car sales.

In exchange for agreeing to the pay the fines, FCA executives will face no criminal investigation or charges.

NHTSA's action follows years of delays by Fiat Chrysler in taking unsafe vehicles off the road. Earlier this month, NHTSA conducted a hearing to present evidence that Fiat Chrysler had a low recall completion rate in more than two-dozen recall campaigns covering 11 million vehicles.

In 2013 NHTSA reached a settlement with Fiat Chrysler on the recall of the Jeeps. The automaker had never notified the government of the gas tank defect even though it settled 44 lawsuits over the issue.

Initially the agency asked the automaker to recall 2.7 million vehicles that were most at risk, but Fiat Chrysler refused. NHTSA eventually agreed to a smaller recall involving just 1.5 million vehicles. Under terms of the settlement, Fiat Chrysler agreed to install a trailer hitch, which would supposedly provide additional protection for the gas tank in the event of a rear-end impact. However, research showed that the hitches were not effective in preventing death or injury in high-speed collisions. By Fiat Chrysler's own admission, the hitches only provide "incremental" protection in low-impact crashes.

Only a fraction of the recalled vehicles have been

repaired after Chrysler delayed for months before sending out the recall notification.

In an additional obstacle, Fiat Chrysler is refusing to fix Jeeps that have frame rail rust. Consumers must first shell out thousands of dollars to fix the frame rails before the automaker will install a trailer hitch. In some case this may be more money than the vehicles are worth. Now, two years later, only 5.9 percent of the recalled Jeep Grand Cherokees and 25 percent of the Jeep Liberties have been repaired.

There have been at least 20 more deaths since NHTSA issued a recall request in June 2013. In one case involving the now-recalled Jeeps, a young woman, Kayla White, who was eight months pregnant, burned to death after a rear-impact collision in her 2003 Jeep. Prior to the collision, White had tried to get Fiat Chrysler to install a trailer hitch to no avail.

In addition to the fines, Fiat Chrysler agreed to the appointment of a safety monitor to oversee compliance with recalls. The \$105 million penalty includes \$70 million in fines and \$20 million to meet performance requirements. Another \$15 million could be levied if an independent monitor uncovers additional violations.

The NHTSA wrist-slap fine of Fiat Chrysler follows a report by the *New York Times* that General Motors is unlikely to face criminal charges for its cover-up of a deadly ignition defect linked to more than 100 deaths. Last year NHTSA hit GM with a \$35 million fine for failing to report the defect, the largest penalty NHTSA claimed it could legally levy. The money represented less than one day's revenue for the giant automaker.

Over the years, NHTSA has functioned as little more than a handmaiden for the auto companies. Its executives often find lucrative spots with automakers, their law firms or consulting agencies. At the same time, 23 auto executives moved into NHTSA posts between 1999 and 2010.

Former NHTSA head David Strickland, who oversaw the sweetheart deal with Chrysler over the trailer hitches, left the agency in January 2014 to go to work for Venable, a Washington DC law firm that lobbies on behalf of Fiat Chrysler.

In relation to safety, the auto companies show no more regard for their own workforce than for the public at large. For example, in May two workers died within days at the Fiat Chrysler Jefferson North plant in Detroit, which builds the Jeep Grand Cherokee.

Unanswered questions remain in the deaths, including that of a skilled trades worker crushed to death by a filtration press.

The latest exposure of the callous disregard for consumer safety on the part of the auto corporations takes place in the midst of contract negotiations between US automakers and the United Auto Workers. In the talks, Fiat Chrysler is attempting to tie worker compensation to the corporation's performance and profitability. In other words, the pay of auto workers will be held captive to the criminal mismanagement of Chrysler CEO Sergio Marchionne and billionaire stockholders.

The continuing exposure of safety scandals on the part of the auto corporations points imperiously to the need for social control over the design and production of automobiles. It is intolerable for public health and safety to be held hostage to the profit drive of the super-rich. This situation calls for the public ownership of the auto industry under the democratic control of the working class.



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