

GM ignition defect settlement: A wrist-slap for corporate criminals

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The United States Justice Department announcement of a “deferred prosecution” settlement Thursday in the case of the General Motors ignition switch scandal is a travesty. It allows the multi-billion dollar auto giant to get away virtually scot-free in the face of a massive criminal cover-up of a deadly defect. It is the culmination of a whitewash by the Obama administration, federal regulators and Congress, which have from the start sought to shield GM officials from the consequences of their actions.

Under terms of the agreement GM will pay a \$900 million fine relating to its role in the more than decade-long cover-up of defective ignition switches tied to numerous fatal crashes, a tiny fraction of the company’s \$25 billion in profits since it came out of bankruptcy. No GM executives are being criminally charged despite documentation showing that GM was aware of the defect since 2005 but took no action to warn customers or order a recall.

All levels of the political establishment are implicated in this whitewash. Congress allowed GM CEO Mary Barra to posture at hearings as a contrite, blameless bystander. It soon lost interest in the matter and took no action to strengthen laws to ensure corporate criminal accountability.

From the start the media largely sought to downplay the affair, covering up the extent of the death and injury caused by GM’s actions while accepting as good coin the company’s claims that top officials were totally unaware of the problem until it hit the news in 2014.

The announcement of yet another “deferred prosecution” follows a well-rehearsed script whereby corporate criminals are absolved of responsibility for their crimes. From the BP oil spill to the subprime bank lending scandal, the government has taken the position that the US financial aristocracy is above the law.

Meanwhile, the hundreds of families whose lives have been devastated due to GM’s actions will never recover from their losses. Mary Ruddy, the mother of Kelly Erin Ruddy, who died in the crash of her 2005 Cobalt in January 2010 outside of Scranton, Pennsylvania, reacted strongly to the Justice Department decision. She told the *World Socialist Web Site*, “I believe GM murdered my daughter.”

She continued, “I will never forget and forgive. Maybe the Department of Justice can live with this decision, but I can’t.” She continued, “I am very disappointed in this system. They need more of a consequence than fines. They need to be held legally accountable.”

The facts of the case are straightforward. The ignition switches on the Chevrolet Cobalt, Saturn Ion and several other low-end models can be easily jarred out of the “run” position, killing power to the engine and disabling power steering, power brakes and airbags. The sudden loss of vehicle control increases the likelihood of a crash under conditions where occupants are unprotected by airbags.

GM knew as early as 2001 that the ignition switch did not meet minimum specifications, but decided to go into production anyway. Despite a flood of customer complaints, GM rejected a fix due to cost considerations. Later, GM quietly redesigned the switch, but did not assign a new part number, a violation of engineering principles that pointed to a deliberate cover-up. An internal investigation commissioned by GM demonstrated the company routinely sacrificed safety in the interests of corporate profits.

Even when independent studies tied the defective ignition switch to fatal accidents in which airbags did not deploy, GM did not order a recall, warn customers

or alert federal regulators. The National Highway Traffic Safety Administration (NHTSA), the supposed government watchdog, likewise turned a blind eye, despite having in its possession evidence of the tie between the defective ignition and fatal accidents.

The GM Ignition Compensation Claims Facility set up by the company in the wake of the scandal has accepted 124 death claims in relation to the defect. In addition, the company has agreed to settle civil lawsuits filed in relation to the defect, including another 45 death claims, for which it is taking a \$575 million charge against profits. That brings the official death toll to 169, with the actual toll likely much higher. An independent investigation by the consumer group Center for Auto Safety counted 303 deaths in accidents involving the now recalled vehicles in which airbags did not deploy.

In addition, hundreds more were maimed or seriously injured due to GM's actions. To date there have been 3,869 injury claims submitted to the Compensation Claims Facility. Of those 289 are for Category One injuries involving quadriplegia, paraplegia, double amputation, permanent brain damage or pervasive burns.

The NHTSA and GM were already aware of the potential liability faced by the company due to the defective ignition switches at the time of the 2009 GM bankruptcy. As a result of the bankruptcy, the US government obtained a majority ownership share in the reorganized company. Thus the Obama administration and its traffic safety agency had a direct monetary incentive to cover up information about the safety defect. In fact the Obama administration inserted a clause in the bankruptcy settlement shielding the reorganized company from product liability lawsuits stemming from before July 2009.

All this time, GM was going into court claiming it had no knowledge of a defect and no liability for deaths, while in the meantime issuing threats against the families of accident victims. In one case GM threatened to come after a family for reimbursement of legal fees if it did not drop its lawsuit.

The United Auto Workers (UAW) is also complicit. The union has maintained a studied silence throughout the entire course of the affair. This is hardly surprising. As one of the largest stockholders of GM through control of a retiree health care trust fund, the UAW's

chief concern is ensuring maximum corporate profits.

The Justice Department settlement of the GM case is a further demonstration of the class nature of justice in the US. Corporate criminals are above the law while millions of working people languish in prison, often facing solitary confinement or other forms of abusive treatment amounting to torture. More than 1,000 a year are killed outright by the police. Thus, when it comes to holding working people accountable, often for the pettiest of offenses, the justice system is remorseless. A corporation responsible for hundreds of deaths is treated with the utmost respect and indulgence.

The US in 2015 can hardly be called a democracy. It is a plutocratic society in which the financial elite functions with absolute impunity, confident that it will not be held accountable for its crimes. The courts, the president, the media and Congress all do their bidding. Only the independent political mobilization of the working class can change this state of affairs.



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