

Statement by Joan Claybrook
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Concerning Auto Company Bankruptcies and Bailouts

Before the Committee on the Judiciary
House of Representatives
Washington, D. C. 20591

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Mr. Chairman and Members of the Committee

Thank you for the invitation to testify today on the implications of the current automotive industry bankruptcies and bailouts. I am Joan Claybrook, President Emeritus of Public Citizen and a former Administrator of the Nation Highway Traffic Administration in the U. S. Department of Transportation. I will focus my comments on the unfinished safety agenda and the capacity of the auto companies to meet critical new and upgraded safety standards.

American taxpayers to date are shelling out over \$35 billion to Chrysler and General Motors and GMAC, another \$5 billion to automotive suppliers with as much as \$60 billion more to come in the future to save near bankrupt U.S. automotive companies. These manufacturers for the last 40 years have bobbed and weaved to oppose any serious improvements in motor vehicle safety, fuel economy and emissions. The public will no longer put up with this double standard.

This week President Obama announced tough new federal emission and mileage standards requiring the fleet to meet 35.5 mpg by 2016, four years earlier than the 2007 law. This matches the California program that had been stalled by the refusal of the Bush Administration to grant the state a waiver to issue its rules. The Obama program for the first time requires a national standard to limit motor vehicle climate-altering gases. The new national standard is about 40 percent higher by 2016 than current fuel economy rules.

For years the auto industry has opposed higher fuel economy and emission standards. In fact, at the industry's request, the Gingrich Congress in 1995 and for seven years thereafter, deleted all funding for the fuel economy program in the U.S. Department of Transportation, stalling any action on issuance of standards. In 2007 the auto industry successfully pushed hard to seriously weaken the legislation updating the fuel economy law, in order to continue manufacturing large fuel using vehicles they expected to continue selling as cash cows.

The Detroit manufacturers' refusal to embrace high fuel economy and limits on green house gases while continuing to produce mammoth gas guzzling vehicles is a major factor in their current financial difficulties. But with the Obama announcement

this week, the automotive companies did an about face. Under the threats of bankruptcy and the need for bailout money, their rationale now is that the new program is acceptable because it would provide a single national standard they want, the timetable is reasonable, and the new program gives them certainly for their product development plans. They could have decided this ten years ago and saved the nation, their workers, their retirees, and the state of Michigan endless grief.

But, no initiative or agreements have been made to improve motor vehicle safety. Yet motor vehicle crashes kill over 40,000 Americans every year on our nation's highways, injure more than 2.5 million more, and are the leading cause of fatalities for all persons in the United States, ages four to 34. Motor vehicle crashes exact a huge personal toll in terms of deaths, injuries and disruption to family life, as well as imposing a heavy financial burden on society, estimated at \$230.6 billion (in 2000 dollars) annually, or a "crash tax" of about \$800 for every man, woman and child.¹

Motor vehicle crashes are the leading cause of occupational fatalities in the U.S. The most dangerous part of the work day for any employee is the time they spend in their vehicle, with a crash occurring every 5 seconds, property damage occurring every 7 seconds, an injury occurring every 10 seconds and a motor vehicle fatality occurring every 12 minutes. In 2000, the economic cost of crashes to employers was \$60 billion resulting in three million lost workdays. Although the federal motor vehicle safety standards issued by the NHTSA have historically been responsible for saving hundreds of thousands of lives,² there has been little progress in recent years in reducing the annual number of highway traffic fatalities.³

Advancing a strong national highway traffic safety agenda is critical for many reasons. First, prevention is the key to saving lives and reducing injuries. General fleet-wide improvements in vehicle safety through design, technology and behavioral responses reap benefits in reducing fatalities and serious, traumatic physical injuries. Second, progress toward crash prevention and vehicle crashworthiness provides economic benefits by reducing public health care costs for medical response to crash scenes, emergency room visits, hospital and rehabilitation stays, long-term care, physical and occupational therapy, reduced time away from work, and other medical treatments. Since motor vehicle crash injuries and costs are a major contributing factor to health care and employment costs, crash avoidance and injury prevention should be part of any well-developed policy initiative to bring national health care costs under control.

¹ *The Economic Impact of Motor Vehicle Crashes 2000*, NHTSA Technical Report, DOT HS 809 446,

NHTSA (May 2002).

² NHTSA study estimated cumulative number of lives saved from 1960 through 2002 at 328,551, *Lives Saved*

by the Federal Motor Vehicle Safety Standards and other Vehicle Safety technologies, 1960-2002, NHTSA

Technical Report, DOT HS 809 833, NHTSA (Oct. 2004).

3 Decline in motor vehicle traffic fatalities to an estimated 37,313, reported for 2008, *Early Estimate of Motor Vehicle Traffic Fatalities in 2008*, Traffic Safety Facts Research Note, DOT HS 811 124 , NHTSA (Mar.2009), reflects not only efforts to improve safety but also the effects of an estimated decline in vehicle miles of travel (VMT) and likely changes in discretionary driving patterns resulting from the steep increase in oil and gasoline prices during much of the year, as well as the precipitous economic decline in the last third of the year.

In fact, just this week, President Obama met at the White House with corporate executives, labor leaders and government officials to discuss innovative and effective strategies that employers are using to hold down the cost of health care for workers and their families. The foundation of all of the successful strategies, programs and cost-saving measures was repeatedly framed as “prevention”. The highway and auto safety programs of the U.S. Department of Transportation (DOT) will be an essential element of the Obama Administration’s health care and economic stimulus proposals to assist families and employers. Preventing motor vehicle crashes, deaths and injuries is a cost-effective, prudent, and successful investment of government resources.

This year, Congress will draft a new surface transportation reauthorization bill that will, in all likelihood, advance a balanced transportation system and expand consumer choices for transportation alternatives. This is a positive approach that will result not just in expanded public transportation options, but will encourage more pedestrian and bicycle traffic as well as a greater variety of different types of fuel efficient vehicles. While these changes provide opportunities to alter energy-use patterns, they also could lead to more interactions and safety conflicts between vehicles and non-occupants and between large and small vehicles. In drafting the reauthorization bill, we urge the Committee and the Administration to consider the safety needs that all of these future transportation choices will require in order to improve the level of safety provided to the public in a highly mobile society.

The unfinished motor vehicle safety agenda is long and deep. It reflects a failure to advance safety requirements over the last three decades except to minimally comply with congressional legislative requirements. Thousands of lives and many of thousands of debilitating injuries could be saved if new safety standards were adopted. These include:

- Strong roofs, side window glazing with pretensioning and load-limiting safety belts to protect occupants from injury and ejection in rollover crashes tested with dynamic tests as are used for years for frontal and side impact standards
- Stronger seats and seat backs which too often fail causing severe injury to back seat occupants such as children and quadriplegia and paraplegia for front seat occupants
- Protection for rear seat occupants (often children as DOT advises parents to place children in rear seats) with improved side impact air bags, belt

use warning signals, improved latching of child seats that are tested in real vehicle crash tests

- Pedestrian protection in vehicle design to lessen the harm when pedestrians and bikers are hit by removing exterior sharp objects, making the front ends more rounded, designing the windshield area to be smooth and possibly contain an exterior airbag (Honda is leading the way with improved vehicle pedestrian protection).
- Compatibility crash safety requirements that lessen the adverse impact on smaller vehicles of crashes with larger vehicles.
- Event data recorders in all vehicles to monitor the causes of a crash and gather data to improve vehicle and driver performance. Some vehicles now contain different systems but they should be consistent across the fleet.

It is clear Mr. Chairman that if the Congress does not get more deeply involved on behalf of the people, the decisions being made on the vehicle manufacturers bailouts and potential bankruptcies will not reflect their concerns that are being expressed today at this hearing. We appreciate the opportunity to testify on these issues today.