Article View

Article 8 of 14 BUSINESS

Chrysler joins forces with Dingell in attempt to avoid minivan recall Firm, congressman argue U.S. can't request a recall without first proving that vehicles pose unreasonable' safety risk. Bryan Gruley

02/01/95
The Detroit News
2DOT
Page E1
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Detroit News Washington Bureau

Chrysler Corp., with the help of two key congressmen, is trying to throw an unusual legal obstacle in front of federal safety regulators who would like the automaker to recall four million minivans.

In a Jan. 20 letter to the National Highway Traffic Safety Administration, **Chrysler** lawyer Lewis Goldfarb argued that the administration cannot request a recall without first proving that the minivans pose an "unreasonable" safety risk.

Reps. John Dingell, D-Dearborn, and Michael Oxley, R-Ohio, made similar arguments in a Jan. 17 letter to NHTSA chief Ricardo Martinez.

Oxley is chairman and Dingell is the ranking minority member of a House panel that soon will be reviewing the agency's budget.

The letters, obtained by The Detroit News, question NHTSA's long-used tactic of sending a written request to a manufacturer for a recall before reaching a final determination that a vehicle is unsafe.

The request is designed to give an automaker a chance to show why a recall is unwarranted.

The manufacturer can decline the request _ as General Motors Corp. did in 1993 when NHTSA asked for a recall of its 1973-87 pickup trucks _ or agree to a voluntary recall.

Dingell's letter said a recall request unfairly and publicly casts the manufacturer in a negative light before NHTSA has completed its work.

"Several auto companies raised this concern" in the wake of the controversial GM truck case which was settled last December, a congressional aide said.

The pleas by the congressmen and **Chrysler** suggest the automaker is leaning toward resisting a recall of its 1984-94 minivans, which are alleged to have defective rear-door latches that allow passengers to be ejected in crashes.

Last month the automaker sharply criticized NHTSA in two letters alleging that: NHTSA conducted crash tests that, in **Chrysler** 's view, were designed specifically to make the rear latches fail. "We know that any minivan can be opened with a similar test," said Steve Harris, a **Chrysler** spokesman. NHTSA's statistical analyses are flawed because they do not include all vehicles with rear hatches, such as station wagons and sport utility vehicles.

Sources close to the investigation say NHTSA officials don't consider the crash test to be their most important evidence and that a recall may be in order, although a final decision has not been made.

Some Chrysler officials have privately urged that the automaker take steps to remedy the latches.

Return to Headlines

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Pob Eaton, Tom Denomme, Ron Boltz, François Castaing, Rob Liberatore, Bud Liebler

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Al Slechter (

938-00-00

MINIVAN LATCH CASE

Attached is the letter to Rick Martinez which we have been working on with Hill staff. The final is signed by Mike Oxley and John Dingell. Several things should be noted:

Tom Bliley was briefed on this subject by staff and, for whatever reasons, he decided to defer the signature to Mike Oxley. This can be read as the first example of the "Bliley process" and signals less attention by Bliley to our industry problems. A second reading, however, is that the relationship between Bliley and Oxley has been somewhat strained and that Bliley is deferring to Oxley's subcommittee jurisdiction.

As you will see, the letter was substantially toughened by staff and we are aware that Dingell's staff was instrumental in further fleshing out the questions raised in the letter out the questions raised in the letter.

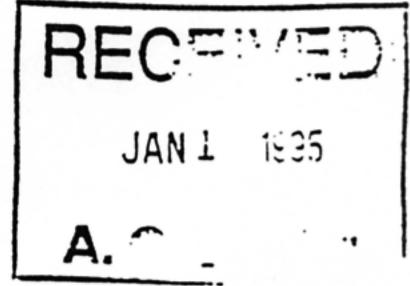
As you may be aware, GM delayed their approval of this letter in the final stages of drafting.

It would not be surprising if, when GM sees the final product, they are exercised that we did not give full weight to their input. We have only so much influence on the specific content of this type of letter once it is put in the hands of the staff for final work.

From my vantage point, it is a much improved and tougher product and will hopefully have a positive effect on our situation.

AJS/st

M. MOORE



CARCO I MOTEURID, CALACTERA THE BRUSHING LACK PRIOR TURAS MOUNT COST ON ACTUAL REPORTED SENTING DAY SOMOTH, COLORDO ALLY JOHN FOL A DECEMBER HAS FORD. BLANCES INCOMEND MATERIAL THE BYLAND / THOSE THE PAREN, MATE TOM PALK & GRUNDS ONG LODGE SPECTAL GATYA MAKKE COMMECTATOR saves a austració profession MORTI O CANDIDANO CHESTOWN COOK CALVERY MANAGE ALAM MENTH CHANGE BAND P SECTLAY, DIL FORMA ES-CHEN WHOTERLA SEXTLEST LUC CHARL HULL PARAMET HER ACM

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January 17, 1995

MATERIA CONTROLLAR DIVERSION STAM

Dr. Richard Martinez
Administrator
National Highway Traffic Safety Administration
Department of Transportation
400 Seventh Street, S.W.
Washington, D.C. 20550

Dear Dr. Martinez:

As you know, early this year the Commerce Committee will consider legislation to resultative the National Highway Traffic Safety Administration (MITSA). As part of our review of the agency's activities we will be examining the process by which NHTSA carries out its statutory mandate to ensure motor vehicle safety.

In light of the Inspector General's (iG) November 30, 1994 report to Congress regarding the NHTSA investigation of General Mosors' C/K trucks, we would like to examine a number of NHTSA procedures. One of the procedures, the request for voluntary recell, figures promisently in the IG's analysis of the propriety of the departments handling of the investigation. In addition to responding to the specific questions set forth below we tak that your office conduct a thorough review of the use of this informal procedure in light of some of the problems that emerged in the course of the GM investigation.

Our understanding is that the request for a voluntary recall is made by the Office of Defect Investigations (ODI) at the commission of an engineering analysis (EA) but before these has been any determination of a safety defect. The letter requesting voluntary recall, which is made public, states the reasons why ODI believes that there may be a safety related defect and informally requests the manufacturer to conduct a recall. If the manufacturer declines, a defect review panel then determines whether the manufacture should be closed or proceed to a formal defect investigation.

We are concerned with this voluntary recall process for several reasons. The request for voluntary recall, because it is made public, can have an adverse impact on the sufery reputation of the product as well as the manufacturer. It can create anxiety among all whicle owners regarding the artery of likely vehicles. It forces the manufacturer to choose between conducting a costly recall prior to any finding of defect OH risking a public perception that the vehicles are unsafe, with the attendant had press. The exploitation of this process by trial lawyers and others is also troublesome. Given the frequency of ODI's subsequent closing of the case after the manufacturer declines a recall request, the process can be seen in many cases as a coencive device used to impose requirements beyond the law.

General Motors' experience with the C/K track suggests that there may be a category of investigations where the use of the voluntary recall letter is contrary to the standary purposes of the Safety Act. In the GM case the IG found that the recall request was made premanurely because in February 1995 Department officials wanted to speed up an investigation began only two months earlier, thereby misleading the public regarding the safety of the GbI track and causing great bardship to GM. To placate those officials, NHTSA, not the GDI, recommended in April 1993 that the Secretary authorize ODI to send a voluntary recall letter in GM and to require GM to provide a detached justification if they refused to do so. ODI authorized GM's response would be negative and that the explanation would provide additional information relevant to the investigation. That was a misure of the process based on interference in the investigation by the Department. The harm was compounded when the Secretary amounced an initial decision based, in part, on his apparent belief that the voluntary recall request by ODI was tantamount to a staff fielding of defect.

While the OM case may be unique in certain respects, it clearly illustrates how a well-intentioned, informal procedure can be grossly misconstrued by the public and senior policy makers, with extremely hamful consequences to a manufacturer and its products. The misuse of such a procedure, it seems to us, does a disservice to the agency and its mission to ensure the safety of our highways.

In addition to your general review of the voluntary recall request we sak that you respond to the following questions:

- (1) What is NHTSA's authority under the Motor Vehicle Salety Act for using this process?
- (2) What procedures are in place to ensure uniform application of this process?
 - (a) Is a threshold level of evidence required before a letter may be sent?
 - (b) Are staff décisions to request voiuntary recali reviewed at a higher level?
- (3) In light of the GM case, is it reasonable for us to assume that these procedures are not binding on the GDI or NHTSA and that they can be ignored at the whim of Departmental officials? Clearly, the ODI Control Plan is only a guideline document.
- (4) What is the frequency of case closings after a volumery recall request is sem?
- (5) At the time a request for voluntary recall is made, how close is the agency to an initial decision of defect of clusure?

- (6) Has NHTSA considered any alternatives to this process that would accomplish the same purpose but avoid unfairly disparaging a product and alarming its owners?
- (7) Can this process be revised to avoid the kinds of problems documented in the GM case?
- (8) In light of the IC's finding in the GM case that NHTSA felt presented to issue a recall request letter promaturely, what safeguards do you plan to put in place to assure that recall request letters are not issued until an appropriate investigation has preceded the decision to send such a letter?
- (9) The IG's report confirmed that the "recall request letter" is a mismissimod device, and that even the Secretary of Transportation miscontinued the importance of the letter, enumerously believing it to reflect a deficitive agency position. Given this confission about the meaning and import of a "recall request letter," is it now appropriate to revisit the process by which it is decided to send a letter? In particular, what are the advantages and disadvantages of delaying the issuance of any such recall request until after the evidence in the investigation has been thoroughly reviewed by the Associate Administrator for Enforcement and the Defect Review Panel?
- staff suggests that its concerns about a matter could be resolved if the pageted company agrees to take a particular action, in this case a volumery recall. Other law enforcement agencies under the jurisdiction of this Committee, such as the Consumer Product Enfety Committation and the Federal Trade Committee, such as the Consumer Product Enfety to be confidential tendement discussions, and do not place records pertaining to each discussions on the public record. What is the rationals behind NHTSA's practice of preparing written "recall request laters" and placing them in the public record, rather than treating such staff requests as confidential extinment proposals? Why shouldn't NHTSA consider a "recall request" to be a confidential extilement proposal between the agency and the regulæted party?
- (11) At what stages of an investigation is information made public by MHTSA or ODI prior to any demendration of defect? What is the origin of this policy? Is this a sound practice when an investigation may not be sufficiently complete to determine a defect?
- (12) Does NHTSA have the legal authority to revise its defect investigation procedures in order to treat 'recall requests' as confidential sealement proposals?
- (13) In light of the GM experience, what actions are you taking or planning to take to improve the integrity of the investigative process as contemplated by the regulations and the precedents so that ODI experts can conduct investigations in a timely and fair manner without unrecessary interference from Departmental officials?

We appreciate your attention to this matter, and respectfully request your response within 10 business days. We pressure that now that the GM case is closed, your recusal will no longer preciude you from respecting to these matters. If that is not the case, please explain why and have the Deputy Administrator respond.

Sincerely,

Michael G. Oxlay

Chairman

Subcommelitée on Commerce, Trade and

Hazardous Materials

Committee on Commerce

John D. Dingell

Car

Ranking Democratic Member

Committee on Commence



Robert J Eaton

The Honorable John D. Dingell
House Commerce Committee
2125 Rayburn House Office Building
U. S. House of Representatives
Washington, DC 20515

Dear Congressman Dingell:



I want to thank you for your personal involvement on behalf of Chrysler and other auto manufacturers regarding the NHTSA defect investigation process. I believe your oversight of NHTSA has played a significant role in causing NHTSA to alter its mindset as well as its processes in its handling of complex safety investigations. We at Chrysler intend to continue to speak out on this issue and hope you will continue your probing for an improved investigatory process.

I also want to provide you some insight on our recent decision on the miniman latch issue. As you are no doubt aware, with great reluctance we decided on March 27 to initiate a service campaign for our miniman owners, offering them a replacement rear door latch for model years 1984 through 1994. This decision was based splely on our determination that Chrysler miniman owners had become so misled by outrageous media sensationalism of this issue that further delay in adjudicating this investigation with NHTSA would be harmful to the company. It became necessary to put customer concerns first over our absolute insistence that no safety issue actually exists.

I have neve: doubted that NHTSA's evaluation of the facts in this matter would eventually conclude in their closing the case without an adverse finding. But to reach that conclusion would take many more months during which our exposure to continuing media barrages would not be abated.

It is regrettable that the NHTSA investigative process is wholly deficient in protecting the rights and reputations of manufacturers where there are: (1) large numbers of vehicles involved; (2) complicated technical issues; and (3) post facto and subjective determinations by NHTSA of on-road crashworthiness safety performance. I want to assure you that Chrysler will work diligently for changes to bring fairness to this system. I hope you will continue your invaluable oversight efforts to that end.

Thank you again for your support.

Extign EXHIBIT NO. 25 8-28-97 M. MOORE Sincerely,

TD000090



Robert J Eaton
Chairman of the Board
Chief Executive Citizen

March 30, 1995

The Honorable Michael G. Oxley
Chairman-Subcommittee on Commerce,
Trade and Hazardous Materials
House Commerce Committee
2125 Rayburn House Office Building
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

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Thank you again for your support.

EXHIBIT NO.36
EXHIBIT NO.36

Singerely,

Chrysler Corporation

TD000089

G. DENOMME December 13, 1994 R. J. Eaton R. Boltz **Castaing** R. Cunningham D. E. Dawkins H. Goldfarb S. J. Harris T. J. Kowaleski A. C. Liebler C. P. Theodore
G. C. Valade Attached is the agenda for the Minivan Latch meeting . scheduled for 3 p.m. today in the Keller Building Conference Room A. /bw Eaton Post-It brand fax transmittal memo 7571 | # of peges > 8 Dept Phone f Fax ! 8-776-1947

REDACTED DOCUMENT

MINIVAN LATCH ISSUES AGENDA

DECEMBER 13, 1994

Topic	Discussion Leader	Time
Opening Comments	Denomme	5 minutes
Update Since Last Meeting	Dawkins/Goldfarb	10 minutes
Report on Latch Status for Field Campaign	Theodore	10 minutes
Review of Communications Plans for a NHTSA Confrontation	Liebler	30 minutes
Review of Focus Group Research	Liebler .) \ 10 minutes
Discussion of Combined Offer to Replace/ Confrontation Strategy	Denomme	10 minutes
Political Strategy	Liberatore	10 minutes
Business Decision	Group	20 minutes
	1 hour	, 50 minutes
12/13/94		

TH002785

T. G. DENOMME December 9, 1994 R. J. Eaton R. A. Lutz Re Point #1 ... we've been talking to The Detroit News today re holding their latch story. Bud has worked out an arrangement whereby they will not run the story this weekend and we will agree to give them a one-day lead if we decide to do a customer-friendly action only (a voluntary recall). If we decide to take on NHTSA, they understand that we will need to involve all media in that decision. It should be noted, however, that if there are more leaks, or someone else breaks this story, then the News will go with theirs. TGD:bw

Confidential and Privileged

T. G. DENOMME

DOCUMENT.

December 9, 1994

R. J. Eaton

R. A. Lutz

MINIVAN LATCH MEETING

A preview of next Tuesday's meeting:

- 1. Bad News ... Yesterday we received a call from Bryan Gruley (Detroit News Washington Bureau) who told us he and Bill Vlasic are working on a story for this weekend on the "raging debate within Chrysler on whether to recall the vans or take on NHTSA". This story, which may go on the Gannett wire (USA Today) will generate customer and dealer concerns, and could force NHTSA to dig in. Don't know the source, but the fact that their Washington Bureau got on it suggests either a NHTSA or a Consumer Advocacy source.
- 2. NHTSA Situation ... There was little discussion on our technical presentation last Monday. The consensus is that the new data we presented has bought us a little time ... there will probably be another technical session to discuss NHTSA's reaction to our data ... but it's unlikely we have changed their minds. Accordingly, we will continue to operate under the assumption that we will eventually be requested to do a recall.
- 3. Latch Fix ... Chris Theodore will update us. Because we have chosen not to contact external suppliers, our cost/timing estimates are very rough. But Chris will likely report that we could have some quantity of latches available for '91 to '94 models by early spring, and the new latch for the pre-'91 models in about nine months. I do not know where we stand on costs.
- 4. Take On NHTSA Strategy ... Tom Kowaleski will take us through a "script" for a media conference laying out our case. Bud Liebler will review the ads developed in conjunction with a decision to fight a recall. We will also review dealer/customer communication materials.
- 5. Research ... We are doing some focus group testing of the take-on-NHTSA approach. No one has seen the results yet, but early indicators are that customers "tune out" statistical arguments about accidents, fatalities, latch pull tests, etc., and focus on "what's Chrysler going to do to address customer concerns". There is no doubt that Chrysler has a special image and relationship with minivan customers when it comes to safety.
- 6. A Third Approach ... In addition to the voluntary recall path and the take-on-NHTSA path, a third path melding elements of a voluntary recall and a take-on-NHTSA approach will be discussed. Essentially, we would seize the high ground by going out with an offer to replace the latch for any of our owners who request a replacement (note this wording ... it is much softer and less urgent than the language NHTSA insists on under their recall procedure) and, at the same time, tell NHTSA to "pound-sand". The obvious benefit of this approach is that we address our customer concerns without admitting to a defect (because there is no defect) and simultaneously engage NHTSA in the fight over principle.



cases under investigation by NHTSA, including minivan brakes, that we need to keep in mind before we engage them in a fight.

7.

- 8. Recommendations ... There continues to be a divided house on what we should do once we know that NHTSA will send us a letter.
 - Sales/Marketing ... Wants us to address customer/dealer concerns and prefers a voluntary field campaign to a public fight on principle.
 - e Public Relations ... Agrees with Sales.
 - Engineering ... Prefers we take on NHTSA.
 - Regulatory Affairs ... Prefers we take on NHTSA (but is supportive of the third alternative described in point \$5)
 - Washington Office ... but also sees some advantages to the third alternative.
- 9. Final Point ... Rob Liberatore makes the point that, regardless of what course of action we take, we should mount an aggressive effort in Washington to prevent the adverse use of bureaucratic power within NHTSA, specifically their funding from Congress, the process which allows NHTSA to design tests for the public record that play to the media and trial lawyers before ruling on a defect, the lack of objective criteria in determining whether a recall request is to be made, and the very fact that they can request a recall before establishing that a defect exists. I could not agree more.

If we want to use political pressure to try to squash a recall letter, we need to go now. We cannot expect to be successful if we don't activate until we are officially notified that a letter is coming. Of course, the risk of early action is that it may preclude NHTSA from exercising a close-the-case option.

T. G. Denomme

TGD:bw

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VOL. 13, NO. 9

OAKLAND COUNTY'S AUTO INDUSTRY AND BUSINESS NEWSPAPER

MARCH 6, 1995

CUSTOM FIT

The Detroit Transportation Club hosted a U.S. Customs Service Special Agent at their February luncheon — he spoke on customs fraud, its application to shippers and the responsibilities of all parties involved.

See CUSTOMS, page 2 ➤

DEALERSHIP LOYALTY

Along with improved customer satisfaction, that's what Chevrolet is trying to promote with its new Career Builders program that honors salespeople who stay at dealerships for more than three years.

See CHEVROLET, page 6 ➤

MOTOWN HOEDOWN

The Motown Museum hosted its annual fund-raising dinner and dance last week to help with renovation of the old Hitsville USA studio on West Grand Boulevard in Detroit's New Center Area.

See PARTY, page 6 ➤

CLEAN AND CLEAR

Orbital Engine Co. has long said it would provide automakers with an alternative to the four-stroke engine with its two-stroke, however, U.S. emissions standards have stood in the way of the in-

EATON ATTACKS FEDERAL REGULATIONS

By Scott Roush Staff Writer

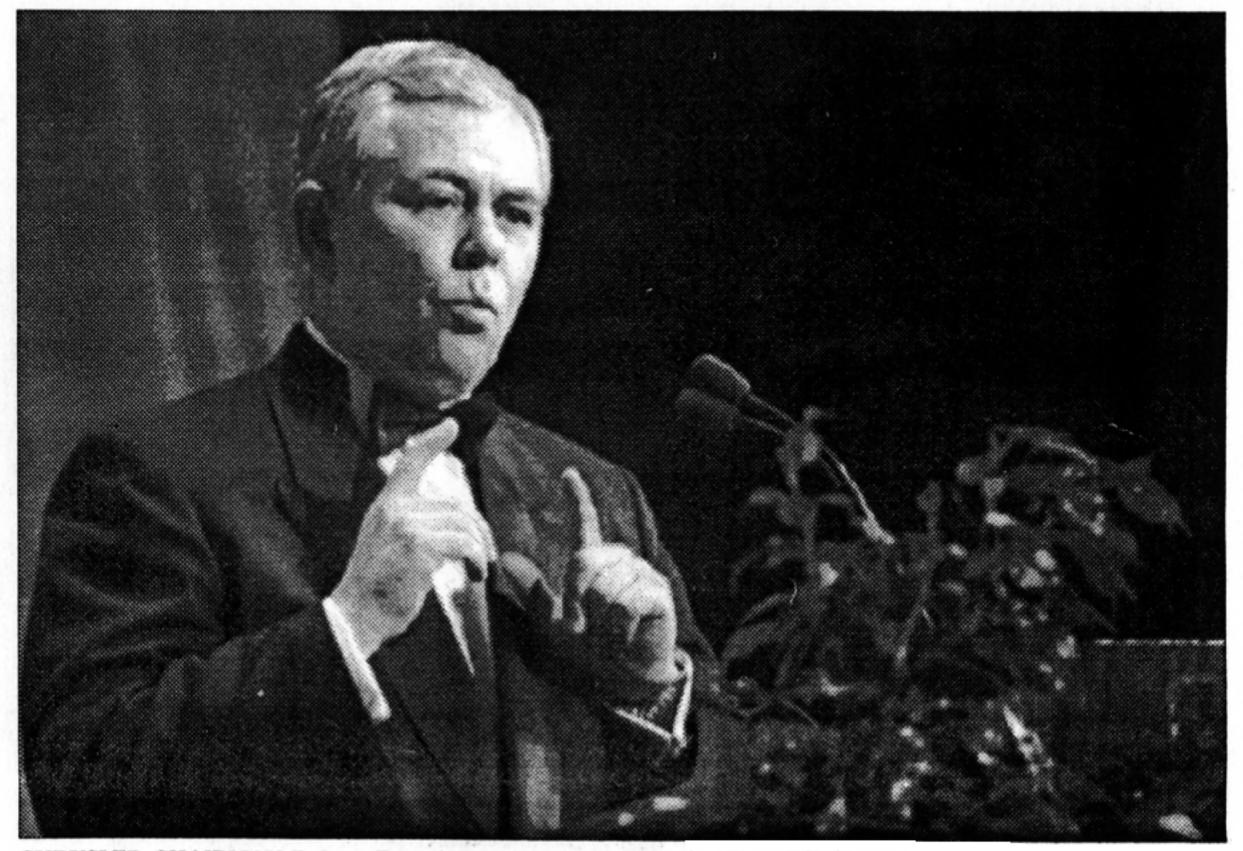
Chrysler Corp.'s Chairman Robert Eaton wrapped up the 1995 SAE International Congress and Expo with a speech that criticized the federal government for regulations stifling the growth of the auto industry.

From voluntary recalls and workplace streamlining to the average cost of today's vehicle, Eaton questioned the government's role in regulating business during his "Engineering for Value" presentation.

But Eaton did approve of what some of the government is doing. The Chrysler boss praised House Speaker Newt Gingrich and other Republicans' attempts to reduce some of the bureaucracy in Washington through the "Contract with America."

Eaton discussed how the automotive industry has reduced its workforce since 1950 and how the federal government has failed to reduced its workforce over the same time period. This, according

See EATON, page 4 ➤



CHRYSLER CHAIRMAN Robert Eaton's speech at the SAE Congress and Expo banquet at Cobo Center was critical of the number of industry regulations coming from Washington.

noon -1 p.m. Call (810) 370-3574.

QUALITY WORKSHOPS A nine-week workshop, Improving Productivity Through Statistical Quality Control, starts March 20, from 6 -9 p.m. at Oakland University. Another workshop at OU, Improving Customer Satisfaction Through Process Control and Quality Planning, starts March 21 from 6 -9 p.m. Call (810) 370-3120.

"LOVE LETTERS" St. Dunstan's Guild of Cranbrook presents "Love Letters" by A. R. Gurney March 10, 11, 17 and 18. This performance piece delivers letters exchanged over a lifetime between two people who grew up together, went their separate ways but continued to share confidences. The show starts at 8 p.m. in St. Dunstan's Playhouse in Bloomfield Hills. Call (810) 644-0527.

VOLUNTEERS NEEDED The Oakland County Retired and Senior Volunteer Program (RSVP) seeks volunteers 55 years and older to become involved with community agencies who need assistance. Varied opportunities are available at schools, hospitals, libraries, human service agencies, and cultural institutions throughout Oakland County. Contact Linda Kaniewski at (810) 333-3716 ext. 115.

CHILD SAFETY "Northwest Troy Partnership Talks Safety" will be presented March 8, 7 -9 p.m. at Hamilton Elementary School on Northfield Parkway in Troy. Presentations by members of the Troy Police Department will include: home security, bike safety, how to use your police department, K-9 officers, child safety and personal safety. Admission is free. Call (810) 740-0431.

MUSICAL CELEBRATION Inspired by stories from and about the AIDS Memorial Quilt, "Quilt, A Musical Celebration" fills the theater with images of laughing, living, leave-taking and love. The show takes the stage March 10 and runs for three consecutive weekends. Cal (810) 370-3013.

CANCER PROGRAM Crittenton Hospital in Rochester and the American Cancer Society are sponsoring a fourweek "I Can Cope" program that began Feb. 22 and continues for four consecutive weeks. "I Can Cope" will be

clude Peter Bewrchy, Richard Falck and Davis Senatore, financial consultants. The seminars will take place at the Columbia Center in Troy across from the Troy Marriott. Call (810) 227-1931.

"ROYAL TOMBS OF SIPAN" This heralded exhibit will be on display at the Detroit Institute of Arts from now through April 30. Tomb robbers unearthed treasures from a pyramid near Sipan, Peru, and flooded the international art market with gold and silver artifacts. The exhibit features exquisite gold and silver jewelry, semi-precious stones and other artifacts excavated from the richest tombs ever explored in the Americas. Call (313) 833-2323.

BIRDS OF PREY Join an expert ornithologist for a talk featuring live Michigan wildlife March 14, 7 -8 p.m., at Edsel and Eleanor Ford House. Special guests could include a Barn Owl, Red-tailed Hawk and American Eagle, among others. Suitable for adults and children 6 and older. Admission is \$3. Call (313) 884-4222.

AUTOMOTIVE MAGNESIUM The International Magnesium Association is sponsoring an educational seminar on magnesium in automotive applications, Apr. 4, 8 a.m. -4 p.m., at Laurel Manor, 39000 Schoolcraft in Livonia. There is no charge for attending the seminar. Form reservations call (703) 442-8888.

RAPID PROTOTYPING Register now for the Rapid Prototyping & Manufacturing '95 Conference and Exhibition, May 2 -4, at the Hyatt Regency in Dearborn. The event, sponsored by the Society of Manufacturing Engineers, will feature 60 exhibitors and 40 conference presentations. Keynote speaker is Mary L. Good, undersecretary of technology at the U.S. Department of Commerce. For more information call 1-800-733-4763.

of Michigan-Dearborn's Center for Corporate and Professional Development helps you update your managing skills. The CCPD will be offering a course on "Diversity: Awareness & Understanding" March 20 and 21, 8 a.m. -5 p.m. The cost for this interesting program is \$536 per person. Call

Eaton Says Governmental Regulations Negatively Impact Industry's Progress

From page 1

to Eaton, just one way the auto industry has streamlined and the government hasn't.

In 1978, the auto industry was at its peak employment at 1 million workers. That same year the federal government employed 2.8 million civilians. "Today the automotive industry has reduced its workforce to 575,000," he said. "What happened to those 2.8 million federal employees in the meantime? They grew by 100,000 (almost the size of Chrysler Corp.)."

Eaton also talked about process.

"We figured out a few years ago that managing the process makes a lot more sense than just trying to manage the outcome," he said. "That's how we cut our workforce so much and got so productive."

Eaton continued by saying that no industry is more heavily regulated than the auto industry. He added that because the industry is so visible, there is no better target when the government pursues a crusade like voluntary recall.

Voluntary recall is negative for the industry, Eaton said, because of the bad public relations that go with a product recall.

"If you do what the government asks you to do, in the eyes of the public you must have a faulty product," he said. He referred to the dispute General Motors had concerning its pickup trucks as a prime example of where the au-

tomaker faces a no-win situation in public opinion.

Chrysler might be in a similar situation with one of its vehicles. Reports have criticized the car company for flawed rear door latches on its best-selling minivans from 1985 -94.

"The cost and the risk of delying them are too great for many
companies to even contemplate,"
Eaton said of the agencies who
regulate the industry.

Regardless, today's auto workers are more productive than in the past because of better management according to Eaton. In 1978, the industry produced 13 vehicles per employee. This year that figure is 21 vehicles per employee.

"We can continue this process," Eaton said of the improved production.

The federal government announced that the average price of a 1995 vehicle rose to approximately \$20,000. Eaton said the government failed to include incentives when it calculated those figures, but that number could soon be reached due to government regulations.

"The public mood is decidedly anti-Washington, and that means the appetite for more rules and regulations is just about gone," Eaton said.

The auto industry itself needs to improve the affordability of cars, but with governmental interference it will be difficult to promote "Engineering for Value" according to Eaton.

"The future profits have to come from the product instead of the customer," he said. "Costs have to be engineered out, and they have to come out without compromising product integrity."

