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UNITED STATES GENERAL ACCOUNTING OFFICE  
WASHINGTON, D.C. 20548  
STATEMENT OF  
J. DEXTER PEACH, DIRECTOR  
RESOURCES, COMMUNITY, AND ECONOMIC DEVELOPMENT DIVISION  
BEFORE THE  
HOUSE SUBCOMMITTEE ON TELECOMMUNICATIONS,  
CONSUMER PROTECTION, AND FINANCE  
COMMITTEE ON ENERGY AND COMMERCE  
ON THE  
GENERAL MOTORS 1980 X-BODY VEHICLES'  
REAR BRAKE LOCKUP PROBLEM

Mr. Chairman and Members of the Subcommittee:

We appreciate the opportunity to be here today to discuss our review of the Department of Transportation's National Highway Traffic Safety Administration's (NHTSA's) defect investigation involving rear brake lockup problems in General Motors' 1980 X-body cars.

Our review centered on how NHTSA carried out its investigation and is based exclusively on records that were available within NHTSA. We did not review files at General Motors (GM) and, therefore, we make no conclusions regarding GM's actions in this case. Our report on this subject is being issued today.



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The National Traffic and Motor Vehicle Safety Act of 1966 requires manufacturers to promptly correct safety defects in affected motor vehicles. A safety defect is any defect in the construction, components, or performance of a motor vehicle or a related replacement item which subjects the public to unreasonable risk of injury.

NHTSA is authorized under the act to perform tests, inspections, and investigations to identify safety-related defects in motor vehicles and motor vehicle equipment. NHTSA's investigations have accounted for about 50 percent of the motor vehicles recalled to correct safety-related defects since 1966. When lengthy investigations prevent safety defects from being promptly identified, owners continue to drive potentially dangerous vehicles.

NHTSA's investigation of GM 1980 X-body rear brake lockup was delayed

NHTSA conducted its review of the 1980 X-body brake problem in the two usual phases: (1) an engineering analysis and (2) a formal investigation. Although NHTSA's goal is to generally complete the engineering analysis within 6 months, it took 19 months to complete this phase for the X-body--from November 26, 1979, to July 1, 1981.

Essentially, the only action NHTSA took during the first 13 months of the engineering analysis was to send a letter to GM requesting basic technical information for investigating the brake problem. NHTSA sent this letter on May 27, 1980, 6 months after

it began the engineering analysis. NHTSA guidelines provide that such letters should be sent to the manufacturer within 2 weeks of starting an engineering analysis. NHTSA officials told us that the investigation should have been pursued more aggressively during the 13-month period November 1979 through December 1980.

The formal investigation phase was from July 1981 to January 1983. From July 1981 through October 1982, numerous actions called for under NHTSA's guidelines were not taken or were delayed. These included the following:

- A press release, which is normal practice, was not issued when the formal investigation was opened. Press releases are issued to notify the public of the potential safety problem and to obtain public information to help the Safety Administration determine the magnitude of the problem.
- The information request letter to the manufacturer to solicit information needed to help assess the scope and nature of an alleged defect was not sent until December 17, 1982, almost 18 months after the formal investigation was opened on July 2, 1981. This letter is usually sent soon after a formal investigation begins.
- A contract to obtain information from consumers directly affected by the defect problem (i.e., those with knowledge of accidents, injuries, or deaths resulting from such accidents) was not awarded until March 22, 1983, nearly 21 months after the formal investigation was opened. This

contract is usually awarded to a private contractor early in the investigation.

--An audit of GM's August 1981 recall of 47,371 cars to determine, among other things, the adequacy of the remedy to correct the rear brake lockup problem was delayed about 5 months from when it was originally proposed. The audit should have been planned and implemented earlier because NHTSA had information that questioned the adequacy of the remedy.

Although NHTSA tested 1980 GM X-body cars in July and November 1981 to identify the conditions under which rear brake lockup occurred and the causes of such lockups, it did not indicate in the public record until January 1983 that these tests were conducted. Normal practice is to disclose that such tests were conducted soon after their completion. These tests indicated that the most significant cause of the rear brake lockup problem was the "aggressive" brake linings used in the production of all manual transmission and certain automatic transmission 1980 X-body cars. Aggressive linings have greater friction per square inch than other brake linings.

The July 1981 tests, service instruction letters sent by GM's four divisions to their dealers, and NHTSA's engineering analysis report indicated that GM's remedy, which consisted of replacing the proportioning valves on the 47,371 vehicles that it recalled in August 1981, might not correct the rear brake problem. The GM service instruction letter to its dealers stated that dealers

might receive complaints of brake lockup on cars with the 27-percent proportioning valves. The dealers were advised that if such a complaint was received, brake service linings (nonaggressive linings) should be installed. This service lining was the same material used on the automatic transmission vehicles. Even though it had this information, NHTSA did not aggressively pursue detailed vehicle testing and the recall audit nor did it formally advise GM that it had reservations about the remedy.

DETERMINATION OF SAFETY DEFECT IN X-BODY  
CARS AND INVESTIGATION'S CURRENT STATUS

Beginning in November 1982, the formal investigation concerning GM's 1980 X-body cars received increased attention following a change in management of the defect investigation program.

Instructions were then given that the investigation should be updated and processed in accordance with applicable guidelines.

On January 14, 1983, 18 months after it opened its formal investigation, NHTSA announced that it had made an initial determination that a safety-related defect existed in approximately 320,000 (later reduced to 240,000) 1980 GM X-body cars because their rear brakes tended to lock up as a result of moderate to hard braking. On February 9, 1983, GM announced its intention to recall the 240,000 cars for modifications to the braking system to improve its braking characteristics. On March 30, 1983, the Safety Administration stated that it would continue to monitor the performance of other 1980 and later X-body vehicles, especially about 276,000 1980 model year vehicles equipped with automatic

transmissions and the brake system proportioning valves used in all X-body cars produced before August 27-29, 1979.

On August 3, 1983, the Department of Justice filed in the United States District Court for the District of Columbia a complaint on behalf of DOT and NHTSA against GM seeking the recall of about 1.1 million 1980 X-body cars due to faulty brake systems and asking for civil penalties of \$4,027,000 from GM for providing false information to NHTSA during its defect investigation.

#### CONCLUSIONS

We found serious problems in the NHTSA's handling of GM's 1980 X-body cars' rear brake lockup safety defect investigation. Our work clearly documents the inactivity during the engineering analysis phase and the deviation from NHTSA's established investigation guidelines and the failure to take appropriate action regarding questions on the 1981 recall remedy. Although we could not determine the precise reasons for these actions, the problems evident in this case were significant enough to warrant suggesting actions to improve the defect investigation program.

Although NHTSA had written guidelines for conducting the engineering analysis and the formal investigation phases, we noted several instances where problems developed with the 1980 X-body car rear brake lockup case because the guidelines either made no provision or were not clear with respect to taking certain actions. For example, there were no written policies on when the existence of test reports should be made known to the public and when the test results may be made known to the manufacturer and others.

## RECOMMENDATIONS

We are recommending that the Secretary of Transportation instruct the Administrator, National Highway Traffic Safety Administration, to:

- Reaffirm the need for compliance with the policies and procedures for conducting defect investigations. Specifically, the Administrator should stress that the actions called for by the policies and procedures be performed in a timely manner.
- Clarify defect investigation policies and procedures. Specifically, the Administrator should clarify when defect investigation test reports should be entered in the case files and what test information should be provided to a manufacturer and when and by whom. Also, any exception to issuing a press release when opening a formal investigation should be justified and made a part of the public record.
- Require top-level officials to participate in the defect investigation process. Specifically, a representative from the Administrator's or Deputy Administrator's staff should attend key defect investigation decision meetings, such as the defect review panel meetings when a decision is made to open a formal defects investigation case, close out the investigation, or seek more information on the alleged problem.

On July 13, 1983, we provided NHTSA with a detailed briefing on the results of our review. The Acting Administrator stated

that because of the Safety Administration's concern over the handling of the X-body brake investigation, it was (1) requiring a representative from the Deputy Administrator's office to attend all future panel meetings involving defect investigations and (2) updating all policies and procedures pertaining to the defects investigation recall program. We believe these planned actions, if implemented, should improve the defects investigation program.