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Corporate Watergates Equal Those of Politics



Washington — The Watergates, with their elaborate tapestry of cover-ups, are not confined to politics. Equally cynical and deceitful are the corporate Watergates.

We have found evidence of such a cover-up among thousands of General Motors documents turned over to us. Not only did GM conceal the risk of fire in 275,000 Cadillacs, but the danger of serious burns for occupants.

To assist in preparing this anatomy of a cover-up, we called upon the Center for Auto Safety, founded by Ralph Nader.

THE STORY began in 1967 with the discovery that a "blower relay" made by GM's Delco Remy division was failing its engineering tests. This innocent-looking switch, somewhat smaller than a cigaret package, is a vital part of the air conditioning and heating system. Any breakdown can cause sudden electrical fires.

As the production deadlines approached for installing the relays in 1969 models, Cadillac urgently called on Delco Remy to correct the dangerous problem. Delco Remy made some adjustments and delivered the new relays to Cadillac.

Shortly thereafter, the Cadillacs began to roll off the production line, each with a relay hidden inside like a small, unsuspected bomb. Almost immediately, the relays began to fail — in one case, after the Cadillac had been driven only six miles. By late 1968, with sales of the new 1969 models just beginning, there were 750 failures.

Official GM trouble reports began to pour in, telling of "burnt coils," "defective welds," "bent armatures" and "burnt points."

Cadillac, of course, attended to the burned-out relays as fast as they were brought in. But it did nothing to warn the tens of thousands of other customers that their Cadillac could catch fire any minute.

By March 1969, a harsh, intra-GM battle had erupted outside the hearing of Cadillac owners or, for that matter, Cadillac dealers. The Cadillac division complained to the Delco Remy division that almost 10 percent of their relays were failing.

"Relay failures are one of our highest areas of air conditioner" problems, said a typical letter.

It demanded immediate corrective action.

By September, more than 11,000 relays had failed. Cadillac met desperately with Delco

Remy on the "mounting warranty failures." Feverishly, Cadillac engineers recommended a fuse which at least would keep the car from catching fire when a relay failed.

Higher-ups rejected the idea as too expensive, even though the Center for Auto Safety estimates the part would cost only \$1.

By October, there were 14,000 failures. By the end of the year, the figure had reached a staggering 21,000. Finally, Cadillac abandoned GM's own Delco Remy division and began purchasing from an independent contractor.

Meanwhile, in some offices at Cadillac's plush headquarters, a starkly honest memo was being circulated. It showed that an astounding 48 percent of the relays would probably fail in five years or 50,000 miles of driving.

The finding led some Cadillac men to urge a recall campaign which would protect Cadillac owners but would cost \$1.4 million. Still, this was far less than the expense of fixing the relays piecemeal in secrecy.

Nevertheless, Cadillac's bosses balked. The recall campaign would mean admitting that Cadillacs had flaws. It was decided, therefore, to keep on fixing the cars that came in without alerting other owners that they were driving potential firetraps.

NOW, WITH summer approaching, tens of thousands of owners of 1969 and 1970 Cadillacs face another season of danger.

Our queries to GM have produced backing and filling. First a spokesman denied any fires and injuries as a result of blower relays.

Then the spokesman told my associate Les Whitten:

"Our records show about 200 reports where a wire harness melted in air conditioning systems of 1969-1970 Cadillacs. Available Cadillac reports describe four fires involving the instrument panel or engine compartment. There were no accidents and one alleged injury reported."

As to why no recall campaign was instituted, the spokesman said, "The situation was not considered safety related under the federal safety act."

Footnote: The Center for Auto Safety is writing both the Transportation Department and GM demanding a recall campaign to replace potentially defective relays at no cost to Cadillac owners.