

## Ford SUV, Firestone Tire Share the Blame for Road Deaths

by Richard Freeman

At least 101 Americans, 46 Venezuelans, and perhaps more people in other nations, have been killed in motor vehicle accidents linked to faultily designed tires, in a scandal which has been laid at Firestone Tires' door. But while faulty tires have been involved, it has become increasingly clear that in two-thirds of the deaths, the Ford Explorer sport utility vehicle, and its tendency to roll over, was a prime cause. Most of the roll-overs occurred when the Explorer was equipped with tires made by Bridgestone/Firestone.

These deaths are the outcome of the policy of "shareholder value": the policy of running companies so as to maximize return to Wall Street, by siphoning off dividends and other cash flow, while destroying the firms' productive capacity and scientific and technological standards. Both Ford Motor Co. and Bridgestone/Firestone are governed by shareholder value. Both assembled products which were based on incompetent designs, and both knew that the products under that design were incompetent, and led to defective results.

According to reported Ford internal documents, the firm knew that the Explorer had a tendency to roll over under certain speed and load conditions, as early as April 1989, ten months before the first Explorer came off the assembly line. Reportedly, Firestone knew that its tires were shredding as early as 1996. Yet, neither company made fundamental changes that were required.

As yet, *EIR* does not know if "benchmarking" practices were involved in the earliest design phase of the vehicle, but benchmarking was absolutely involved at least in the testing of the Explorer, no later than 1990. Benchmarking is the incompetent use of linear computer modelling as a replacement for the necessary experimental methods of machine-tool design in the development and testing of automobiles and other products.

### The Ford Explorer

Though Ford claims that the Explorer has little or nothing wrong with it, the vehicle has had a known design flaw which has given it a tendency to roll over, under certain conditions, since the design came off the engineering drawing board in the late 1980s. When Ford put the Explorer through its paces at its Arizona test track in April 1989, the Explorer exhibited highly unstable behavior. Ford ordered certain palliatives which did not correct the fundamental design flaw, but tended to force the tire tread to separate, the Explorer to swerve, and, possibly, to flip over.

While this full sequence, including tire separation, had not unfolded in 1989, the company, even more importantly, knew that the Ford Explorer would roll over without the tire tread separation.

While Ford has attempted to hedge as to whether it knew that the Explorer would turn over, evidence has surfaced, that Ford had learned this at its test track in Arizona in April 1989. An article in the Sept. 20, 2000 *Wall Street Journal* disclosed documents that are in the possession of trial lawyers for plaintiffs who are suing Ford over accidents when Ford Explorers rolled over. The documents were either compiled by Ford, or by an outsider who was briefed by someone at Ford on the results of the tests. One chilling document reports that during the April 1989 Explorer tests, the vehicle "demonstrated a roll-over response, established by observing two wheels off the ground and/or outrigger contact, with a number of tire, tire pressure (and) suspension configurations," under heavy load.

In particular, the document refers to the Explorer's failure to execute what is called the J-turn test, a maneuver in which a vehicle is required to turn sharply while travelling at a speed of 55 miles per hour. This is the same test that the "bench-

marked” Mercedes A-Klasse, introduced in 1997, failed as well, but at a different speed. No reason has been given by Ford, as to why the Explorer lifted two wheels off the ground and rolled over during these tests. But the Explorer had a high center of gravity. Further top weight was added by a several hundred pound cabin shell.

### **SUV Is a High-Priced Truck**

SUVs are a craze in the United States, with Baby Boomers buying them in large numbers. But an SUV is simply a light truck with the cabin shell of a large station wagon grafted onto it. The Explorer is a four-wheel-drive compact Ford Ranger light truck, onto which a cabin shell has been grafted. The profit margins on SUVs are huge—ranging between \$8,000 and \$15,000 per vehicle—because a light truck is the cheapest vehicle to produce, and the automakers using the cabin shell charge double what they could get for a truck. The ever gullible, image-conscious Baby Boomer is driving around in a modified, pricey truck. Any tendency for the vehicle to pitch to one side is magnified by the top weight, increasing the motion arm, and making it more difficult for the vehicle to right itself, once it is tilted.

The manner in which the Explorer was constructed, is also at issue in the way that it was tested at the Ford test track in Arizona. In a Sept. 20, 2000 conference call with reporters, Ford Motor Co. spokesman Jason Vines admitted that in 1989 Ford did not test a finished product Explorer, nor even a prototype. Instead, it tested what it called a “mule,” which was a Ford-150 pickup truck, which Vines said would supposedly “simulate the characteristics of the Explorer in the tests.”

However, the Explorer and the Ford-150 have a number of important differences. The use of “mules” is a common practice among automakers for tests. It is supposed to cut costs, and allow the automaker bring the projected new product to market as fast as possible. The “mule” may not be even close to the final product. In the same manner, the product “simulated” in the virtual reality world of a computer, is not the final product. While not illegal, the use of “mules” reflects the thinking of benchmarking/computer simulation, which Lyndon LaRouche has described as the “lunatic mis-mating of scientifically moronic financial accounting with ‘ivory tower’-style ‘Operations Research.’ ”

In substituting or modifying even an apparently minor technical component within a complete functional system such as an automobile, the potential nonlinear impact of that change upon the characteristic functioning of the whole is unknown.

In the Sept. 20 conference call of this year, Ford spokesman Vines admitted that “the prototype Explorer couldn’t handle the types of rigorous testing we need[ed] to do.” The “mule” had already failed the test—imagine then what the “rigorous testing” would have done to an Explorer prototype, which had deeper design-flaws than the “mule.”

### **The Next Disastrous Step**

Once the Explorer had failed the 1989 tests, this brought to the surface the need to make a major design change, and perhaps several changes unified by a single concept. One change that Ford engineers considered in 1989, was to widen the body, and perhaps the wheel base, by two inches. This would have lowered the Explorer’s high center of gravity. But this was considered a “major design change,” which would have cost considerable money to carry out. Ford rejected the idea.

Ford then turned to chicanery. Management decided to review how the Explorer had turned over during the April 1989 tests. The Explorer had failed when equipped with and operated upon four Bridgestone/Firestone P235 All Terrain tires, which were fully inflated to a tire pressure of a proper and safe level of 30 pounds per square inch (psi). (The Explorer had also failed these same tests on Bridgestone/Firestone P235-AS, all-season tires, and on Bridgestone/Firestone Firehawk tires.)

Ford’s top management prescribed a dangerous palliative: Deflate the tire. According to reports, Ford sought to make the Explorer “more stable,” and to make the ride less hard. Starting in February 1990, the Explorer rolled off the assembly line and was sold with, as standard original equipment, the Firestone P235 All-Terrain tires which Ford desired, but with the tire deflated to 26 psi, instead of its proper 30 psi.

The underinflating has harsh consequences, which anyone who knows car-tire relationships would grasp. It causes increased tread wear on the outside of a tire, and slackens the sidewalls’ flex with each turn of the tire, without the stability provided from proper air pressure. The result is a bulging effect on the bottom portion of the sidewall of the tire. This generates excessive heat and decreases durability, which can lead to a blowout. Thus, even apart from the faulty design of the Bridgestone/Firestone tire, this was a prescription for disaster.

Ford has backhandedly admitted that the underinflation of tires was a connivance to cover up a known design problem. According to the Sept. 20 *Wall Street Journal*, in early 1990 Ford executives considered installing inside each Explorer a warning which would alert occupants that a tire inflation of 26 psi was “required” to help prevent “loss of confidence, rollover, and serious injury.” This meant that Ford was cognizant that rollover could occur. Although the tires were deflated, the warning labels were never issued.

When Ford’s bad design of the Explorer, and its policy of underinflating tires, were combined with the faulty design of the Bridgestone/Firestone tires, disaster resulted.

### **The Explorer Is Ford’s Cash Cow**

Once, Ford was concerned with technological development, in order to produce a sound product. Henry Ford conceived of the original Ford as a universal machine, which it was: It could take people on a Sunday drive, but it could also

take farm produce to market, haul hay, pull a plough, and, through a belt system attached to the motor, grind grain or run a sawmill. A major change occurred in the 1950s, when Robert S. McNamara and his “Whiz Kids” were brought in to apply a financial management approach. Today, Ford is governed by the Wall Street standard of “shareholder value.”

*EIR* has calculated that although only one of every 10 Ford vehicles sold is an Explorer SUV, *profits from sales of the Explorer account for one-third or more of Ford's Automotive division profits* (on an after-tax basis). 40-50% of the Explorer's price represents mark-up profit. In 1999, the Explorer sold at between \$19,000 and \$25,000 per vehicle (depending on the options). On a Ford Explorer SUV, the profit per vehicle is \$8-12,000. In 1999, Ford sold 428,000 Explorers, making it the largest-selling SUV in the world. Using available information, *EIR* calculated that on these combined 428,000 Explorer sales, Ford raked in a pre-tax profit of \$3.4-5.1 billion, which translates into an after-tax profit of roughly \$2-3 billion. For 1999, Ford's after-tax profit was \$7.237 billion, of which \$5.721 billion was attributed to the Automotive division. Explorers accounted for 35-44% of Ford's total Automotive division after-tax profits.

Told of *EIR's* calculations, George Pipas, Ford's manager of sales analysis, said, “I will neither confirm nor deny what you say, but I will say that Ford's exposure to the Explorer [profits] is quite large.” Ford is so committed to attempting to keep the name of the Explorer, its main source of profit, unsullied, that on its website, it refers to the Explorer turnover deaths, as the “Hard Facts on the Firestone Tire Recall.”

## Firestone Tires Separate

The final ingredient in this process is the role played by Bridgestone/Firestone tires. Firestone Rubber Co. has also adopted the policy of “shareholder value.” Firestone knew that it had a faulty tire design. The House Commerce Committee's Consumer Protection Subcommittee has received documents showing that in 1996, Firestone conducted 10-minute-long tests, at which tires were run on a test machine at 112 miles per hour. Of the 229 tires tested, 31 failed—a failure rate of 13.5%. Of the failures, 20 were tread separations, in which the tread on the outside of the tire, separates.

The Firestone tire had its own design flaw. The combination of these two forces increased the frequency of Firestone P235 tire tread separation and potential blowout. At high speed, as the tire tread would separate, this would cause a number of problems, including drag from the damaged tire. The Explorer would swerve. This would push the Explorer in the direction of its greatest design weakness: its tendency to roll over.

In Venezuela, a government official has called the interaction of the Ford Explorer and the Firestone tires a “lethal combination.” The 101 deaths in the United States and reportedly 46 in Venezuela, resulted not from mistakes, as such, but from design flaws, flowing from a faulty policy, which was then covered up.

# Unregulated Drug Industry Fuels Rise in Health Costs

by Linda Everett

Though the farce of official reports of the “3.5% U.S. inflation rate” continues, one must now add health insurance premium costs to the list of consumer prices rising 15% or more per year. They are being driven by costs of prescription drugs, which are rising even more rapidly than that. Both Al Gore and George W. Bush accept these huge speculative increases as legitimate, differing only on how to use supposed “Federal budget surpluses” to help pay these skyrocketing drug prices.

While pharmacies are everywhere in the United States, and new ones are still opening up at a great rate, affordable prescription drugs are only to be had by driving to Canada or Mexico. The pharmaceutical industry's current profit rates can be described only as “superprofitability,” reminiscent of the health maintenance organizations (HMOs) five years ago, and provide a huge income flow for stock market and related speculation.

Here are the hyperinflationary hammer-blows falling:

- Health insurance premiums for Federal employees and retirees will rise an average of 10.5% next year, 14% for fee-for-service and 6.9% for HMOs, the Clinton Administration announced on Sept. 15.

- Health premiums for Federal employees and retirees have jumped a staggering 36% since 1998. The rise will affect about 9 million government workers, retirees, and family members worldwide.

- Nationally, private employers' premiums will jump 11-12% in 22 states—after a 9-10% increase in 1999.

- A recently released Washington Business Group on Health/Watson Wyatt Worldwide Survey of 61 large employers, predicted that medical costs in 2001 would increase by an average 12.2% for employees, and 13.3% for Medicare retirees.

- The picture is worse for HMOs. HMOs in Maryland seek 10-15% increases for next year, while Ohio HMOs plan to raise rates by 10-40%—after raising rates 10-20% this year. Northern California's largest HMOs are preparing to unveil hikes of up to 14% for 2001, on top of near 10% increases this year.

## Drug Costs Tripled in a Decade

Uniformly, analysts attribute these astronomical premium rate increases to the rising costs of prescription drugs, which, according to a Kaiser Family Foundation study, “Pre-