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VW and GM scandals show why regulation matters

By Robert R.M. Verchick and Rena Steinzor

Conservatives love to belittle federal regulations — especially the ones designed to keep our air clean, our water drinkable, our workplaces safe, and our financial markets stable. Conservatives, of course, don't oppose any of those things. They just think unregulated markets, left on their own, will keep bad things from happening. Customers will see when a dishonest company is putting Americans at risk; and when they do, they will unleash their fury and incinerate it. Unbridled capitalism is the world's largest self-cleaning oven.

Last week's news from the automotive industry should lay such arguments to rest. On Thursday, we learned that GM, facing criminal charges, had cut a deal with the Department of Justice to the tune of a $900 million payout. It's also on the hook for at least another half a billion dollars to settle private lawsuits. The charges and lawsuits grew out of GM's handling of an ignition switch problem that proved deadly. In brief, if drivers so much as nudged their keyring while the key was in the ignition, the engine could shut down, taking power steering, power brakes and airbags with it.

So imagine: You're driving along on the interstate, reach down to scratch your knee, and suddenly you're trapped in an uncontrollable rolling box moving at 55 miles per hour surrounded by other cars. At least 124 people are known to have been killed as a result of GM's failure to correct the defect, and GM was forced to recall more than 14 million cars for the problem in 2014 alone. But GM's biggest sin was its long-delayed response to the defective part: It concealed the problem for a decade, leaving dangerous cars on the road. (Many still are on the road, of course, since some drivers either don't get the word about recalls or ignore them.)

As a result, what might have been one family's tragedy had GM responded honestly and quickly, instead grew into a tragedy for hundreds of families.

The day after the GM settlement, we learned that Volkswagen had committed a similarly jaw-dropping crime. Many of its so-called "clean diesel" small cars sold in the United States (and elsewhere) contain software specifically designed to defeat state emissions testing.

When they're not undergoing testing — in other words, when people actually drive them —the cars' pollution levels shoot through the roof, exceeding legal levels for emissions of nitrogen oxide, a pollutant that contributes to emphysema, asthma, and bronchitis, **by as much as 40-fold**.

To be clear, this wasn't a computer glitch that VW was slow to fix. By the company's own belated admission, its software was *designed* to cheat federal regulators. It was a feature (you'll forgive me for putting it this way) not a "bug." When EPA figured out there was a problem, VW officials apparently lied to them about it for a full year, finally copping to their behavior earlier this month.

Half a million cars will be recalled in the United States, and VW now acknowledges that it sold some 11 million cars with the "smog-protecting" software on board.

Lest one is tempted to think VW's behavior is somehow less harmful than GM's because it involved emissions standards, not car crashes, think again. According to a **study from MIT**, 53,000 Americans die prematurely each year from automobile emissions. We can't know how much VW's cheating contributed to that body count, but we can be certain that it did. The bottom line is that both of these corporations willingly put Americans' lives at risk; you might even say they sacrificed those

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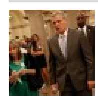

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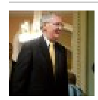

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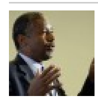

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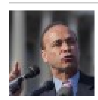

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So let's dispense with the right-wing argument that the market is self-correcting without regulation. We'd never have known about any of this if it weren't for a set of strong protections and a troop of sharp enforcers on the beat. Free market forces alone do not correct for such behavior. In fact, the evidence here is that they encourage it.

In the last few years, attacks on regulation have become a staple of the GOP diet, leading to a torrent of legislation aimed at weakening critical environmental, health and safety laws with schemes that would undercut the regulations necessary to enforce them. The Regulatory Accountability Act and the Regulatory Improvement Act — two bills with focus-group-friendly names — are recent examples. And Jeb Bush just joined the anti-regulatory chorus this week, issuing warmed-over proposals aimed at making it harder to regulate by jamming up the rulemaking process.

But after last week, can anyone doubt the importance of strong regulation and tough enforcement?

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