

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE RECALL

FDCH Political Transcripts

September 6, 2000, Wednesday

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Section: COMMITTEE HEARING

Length: 85972 words

Byline: OVERSIGHT SUBCOMMITTEE OF THE HOUSE COMMERCE COMMITTEE

U.S. REPRESENTATIVE FRED UPTON (R-MI)

Body

HOUSE COMMITTEE ON COMMERCE, SUBCOMMITTEE ON OVERSIGHT AND
INVESTIGATIONS HOLDS A JOINT HEARING WITH THE SUBCOMMITTEE
ON TELECOMMUNICATIONS, TRADE AND CONSUMER PROTECTION ON THE
BRIDGESTONE/FIRESTONE INC. **TIRE** RECALL

SEPTEMBER 6, 2000

SPEAKERS:

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RECALL

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RECALL

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CHAIRMAN, COMMERCE COMMITTEE

U.S. REPRESENTATIVE JOHN DINGELL (D-MI),

RANKING MEMBER, COMMERCE COMMITTEE

WITNESSES:

MASATOSHI ONO, CEO, BRIDGESTONE/FIRESTONE INC.

JACQUES NASSER, PRESIDENT AND CEO, FORD MOTOR
COMPANY INC.

CLARENCE DITLOW, EXECUTIVE DIRECTOR, CENTER
FOR AUTO SAFETY

SUE BAILEY, ADMINISTRATOR, NATIONAL HIGHWAY
TRAFFIC SAFETY ADMINISTRATION

SAM BOYDEN, STATE FARM INSURANCE

*** Elapsed Time 00:00, Eastern Time 13:07 ***

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MR. TAUZIN: Committee will please come to order. I will ask all of our guests to please take seats. We are going to have a video demonstration to begin the hearing that will not have great sound quality, and we will ask all of our guests to take seats please and get real comfortable so that we might hear each other in the room.

Let me welcome all of you to this extraordinarily important hearing, actually a joint hearing of the Subcommittee on Telecommunications, Trade and Consumer Protection and the Oversight and Investigations Committee, chaired by my good friend Mr. Fred Upton. The two of us have asked our committee to join with us in examining the important issue of the Firestone recall and the continuing saga of the many issues swirling about that problem.

Fred and I have agreed on a procedure that I hope will accommodate all the members and will accommodate our witnesses. Let me outline the rules of today's hearing.

Chairmen and ranking members of the committee and subcommittees will each have an opportunity to make five-minute opening statements and then, by agreement of the parties, we will then reserve three minutes for any

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

member of the two committees, in the order of seniority, present here today when the gavel fell or upon their appearance at the committee meeting as they arrived.

Following the opening statements, we will begin introducing panels of witnesses. All witnesses will be sworn before the committee as this is an O&I Committee hearing, and will give testimony under the oath of truthfulness.

The committee will, however, begin before opening statements with a demonstration of a video that I think is extraordinarily relevant and important to set the stage for this hearing. The video is a video prepared and done by a television station in Houston, Texas.

Would someone have the call letters for me, please? KHOU in Texas.

And this video was done pursuant to an investigative report in February of this year. This video was the genesis of the original phone calls by consumers to NHTSA, which then prompted the preliminary and the investigation that led to the eventual decision to recall the Firestone tires in question. Therefore, this video is of extreme importance because it was indeed the catalyst for the recall that has indeed begun this year and for the investigation that continues both at NHTSA and at this committee and on the Senate side.

I will ask that everyone again be extremely quiet and comfortable, and I would ask the staff now to dim the lights and to run the video.

(VIDEOTAPE PRESENTATION)

TAUZIN: The chair recognizes himself for five minutes, and members in order.

Ladies and gentlemen, we are in the midst, I think, of a national tragedy. Nearly 90 Americans have already lost their lives to accidents attributed to tires that are now subject to recall. Only about 1.75 million of those tires have actually been replaced. About 4.5 million of those tires are still being used in this country on vehicles that are traveling our highways.

Just this weekend in California, a family who was on a two-week waiting list to get replacement tires suffered a horrific accident as the tread separated from their Firestone tires and their vehicle had a terrible collision.

In Texas, a young lad was killed this weekend, again.

And weekly we hear of more and more accidents and deaths and injuries on the highway attributed to these tires.

I think it's important for me to let you know, first of all, what our investigation has uncovered.

What we have learned in this investigation leading up to this hearing is that beginning in 1992, when claims for bodily injury and damage began being instituted against Firestone, when those claims amounted to only 16 in 1992, those claims, nevertheless, began to escalate dramatically in 1995 and '96. It went from 37 claims to 150; in 1997, to 294 claims; and 1998, to 384 claims; in 1999, to 772 claims.

One-hundred-seventy-two have already been registered this year for a total of 1,800 claims for accident injury resulting in nearly 90 deaths and many hundreds of severe injuries.

Fourteen-hundred-plus of these claims are related to Ford Explorers and the same Firestone tires that have been subject to this recall.

What we've learned are some other interesting facts. For example, the 235 75 or 15 tire, which amounted to only 6 percent of Firestone production of these tires, nevertheless had a 36 percent -- were 36 percent of the total separations in one year alone, in 1999.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

Much has been made of the Decatur plant issue. Decatur produces 17 to 18 percent of the tires in question, and yet 57 percent of the total separations in the year 1999 came from the Decatur plant.

The Decatur plant is not alone. Tires are separating made from other plants in other parts of this country.

We've also learned that this information was compiled and available to Firestone from the year 1992 through the current period, and that none of this information was shared with NHTSA, nor was it apparently requested by NHTSA from Firestone until the investigation began following the video you just saw and consumer complaints to NHTSA by telephone.

We've also learned some other interesting things.

We've learned that in July of 1998, a representative of the largest American auto insurer, State Farm insurance, on his own volition, sent an e-mail to NHTSA describing 21 incidents of failure of these tires, 14 involving Ford Explorers, and urging NHTSA to take action on the problem.

Our investigators found the memo in file at NHTSA. The memo went unanswered. NHTSA apparently did not respond.

In the year 1999, Mr. Boyden, who will later testify at this hearing, apparently also called the agency to update him on 10 more incidents that occurred in 1998, and again, on a second phone call to 35 more incidents occurring in 1999. Again, the agency apparently did not respond nor take action pursuant to that information.

We've learned that in 1999 some very serious things were happening overseas regarding these tires or similar tires produced by Firestone and available on Ford Explorers. We learned, for example, in 1998, Ford dealers in Saudi Arabia began complaining to Firestone about these tires and their failure rates in Saudi Arabia.

We have, for example, letters we're going to put in the record, one dated in '98 in which the gentleman from the Ford dealership is writing to the Firestone dealership and I quote, "As you know, this concern goes back to mid-1997 when we first notified you of the concern. I have to state that I believe this situation to be of a safety concern which could endanger both the vehicle and, more importantly, the user of the vehicle. So I'm asking what is going on. Do we have to have a fatality before any action is taken on this subject?" 1998.

MR. TAUZIN: 1999, Ford and Firestone apparently in a dispute over who should be responsible for replacing the tires in Saudi Arabia, Ford assuming that responsibility, and we find a memo produced about discussions with Firestone legal authorities indicating, in effect, in that memo and I quote, "Firestone legal has some major reservations about the plan to notify consumers and offer them an option. First, they feel that the U.S. DOT," Department of Transportation, "will have to be notified of the program since the same product is sold in the United States," evidence that there was a concern in 1999 that officials at DOT not know of the problem that was occurring in Saudi Arabia, which resulted in Ford replacing, I understand, 40,000 or more of these Firestone tires on their vehicles in Saudi Arabia.

We've also learned -- and we hope to learn a lot more today about the testing procedures on these tires. As you have all found from the press on the subject, Ford has recommended that these tires be inflated at 26 pounds per square inch on an Explorer and there is great concern as to whether or not Firestone ever tested, under speed conditions, those tires on a Ford Explorer at 26 pounds per square inch. So far, Firestone has not provided documents to our investigators indicating whether those tests occurred.

Ford apparently has produced some documents indicating that their specs might have required that testing. We have yet to find out whether Firestone -- and we'll hear testimony today as to whether Ford ever conducted testing at that inflation rate on these tires.

So we will learn a great deal today about who knew what and when. We'll learn a great deal more about why this recall is going so slowly and why people are still dying on the highways and why it took nearly 90 fatalities for us to

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

get serious enough to expedite and get this recall going. And we have to ask ourselves why we're in this mess and what we can do as a panel representing the Congress here to make sure this never happens again and that this recall be expedited so that fewer of our citizens lose their lives or be seriously injured on the highway.

I want to tell you quickly what this hearing is not designed to do. It is not a criminal investigation. It is not a legal case trying to fix liability or blame. We are here today to hear from the principals about their versions of the facts and to determine to the best of our ability what went wrong, what was known by what parties when, what was done or what was not done, and what could have been done to avert this national tragedy. And from it, I hope that our committees will produce a body of evidence from which we and NHTSA and our federal authorities, and hopefully the companies, can make the right decisions, not only to get this awful tragedy behind us as quickly as possible, but to make policy that will ensure that it never happens again.

The chair yields back the balance of his time and is pleased now to welcome and recognize the ranking minority member from the great state of Massachusetts, my friend, Mr. Markey, for an opening statement.

MR. MARKEY: Thank you, Mr. Chairman, very much.

MR. MARKEY: And thank you for holding this extremely timely hearing.

The hearing has been prompted by the recent announcement by Firestone that it would recall some 6.5 million tires used primarily on the Ford Explorer. Firestone was given the contract to produce specially designed tires for the Ford Explorer and began production in 1990 of such tires. Because of the boom in sales of the Ford Explorer over the ensuing years, Firestone produced large quantities of these tires, particularly the 15-inch tire.

A subsequent rise in claims against Firestone, specifically instances where the tread and one steel belt separated from the other steel belt of the tire, began a number of years ago, especially when such data indicated to Firestone, to Ford and the National Highway Transportation Safety Administration that a public safety issue was at hand and that something needed to be done, is just one part of what this hearing will analyze.

There are, however, still many questions that need to be answered today. For example, the relationship between the tires themselves and the automobile for which they were designed, a sport utility vehicle, needs to be explored. NHTSA and consumer safety groups have already noted the proclivity of SUVs to roll over in certain situations, and NHTSA has proposed a rollover test and reporting requirement. Have SUVs put unanticipated stress upon those tires? In other words, if you could hypothetically take those tires off a Ford Explorer and instead put them onto a Ford Escort, would there still be a problem?

Now that the recall is under way, will consumers be able to replace their tires quickly? Knowing that it costs somewhere between \$300 and \$400 to buy new tires, a fairly significant sum for people on fixed incomes, will Firestone rapidly reimburse such consumers? Are there sufficient replacement tires in all markets to go around? Will there be prolonged delays and how can any such delays be dealt with?

After all, both tire companies and automobile manufacturers run the most compelling ads possible, a mother with a child in an automobile or an SUV on a rain-slicked road at night, promising the consumer that if they buy that automobile, that SUV or that tire, that that mother and child will be safe in the automobile.

That is the promise which these industries make to families, and there's nothing more heart-rending than seeing the end of that commercial with the child and the mother safely able to make it home. Well, here, now we know that there are scores, and ultimately maybe hundreds of families, that ultimately will not have that mother and child or father make it home. We have to know how quickly the industry is going to ensure that every one of these vehicles has a set of tires which can guarantee that that family can get home.

And another important question is whether NHTSA, whether the federal agency itself has sufficient financial and personnel resources to fully gauge important safety issues as they materialize. In this instance, the agency

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

maintains it did not have sufficient information to trigger an investigation sooner. Would additional staffing and funding for the safety agency earlier have helped that agency to notice the problem sooner and thus have saved lives? Once a hazard arises are, in fact, the resources there that ensure that the families of America are going to be protected?

MR. MARKEY: The funding for this agency has been cut by fully one-third since 1980. Let's say that again: Despite the number of additional SUVs on the road, all of the additional automobiles over the last 20 years, the budget for the safety agency has been cut by one-third since 1980. There is something fundamentally wrong when every single family in the United States is on the road every single day with the federal government cutting by one-third the budget for that safety agency.

It is our responsibility this year to pass legislation which brings full funding to the safety agency so that it can guarantee that when any kind of evidence is made available, that they don't have to put it aside because they don't the full resources to follow up every single lead that could potentially jeopardize the safety of families in our country.

Thank you, Mr. Chairman. I yield back the balance of my time.

MR. TAUZIN: Thank the gentleman.

The chair is now pleased to recognize the full committee chairman, the gentleman from Richmond, Virginia, Mr. Bliley, for an opening statement.

MR. BLILEY: Thank you, Mr. Chairman. Thank you for holding this hearing today which is of extreme importance to the safety of the American driving public.

While we certainly will not get final answers today to many of the troubling questions surrounding this matter, we can at least begin the process of determining what we do know, what we do not know, and hopefully what can be done by government and industry to help avoid a similar disaster in the future.

No one seems to dispute that there is something terribly wrong with a large number of very similar and often serious accidents involving the particular Firestone tire, especially when mounted on a Ford Explorer. But even though the cause of this problem was and remains unknown, that is no excuse for inaction in the face of mounting evidence of real and potential danger to American drivers.

On this score, I believe all of the principal parties here today let the American public down. Indeed, it can be fairly said if it were not for a local television report earlier this year that we just saw, this recent recall may never have happened.

More than two years ago one of our witnesses today, from State Farm Insurance Company, identified a suspicious and troubling trend in serious accidents involving the now recalled tire, mostly when mounted on the Ford Explorer. Yet when State Farm, on its own initiative, took the virtually unprecedented step of bringing these claims to the attention of NHTSA, the federal government's highway safety watchdog, that dog apparently was asleep. The data was thrown into a file never to be looked at again until the Firestone media storm broke earlier this year.

Despite the lack of response, State Farm persisted in monitoring this trend which took a sharp upturn in the second half of 1998, then skyrocketed in 1999. On two more occasions in 1999, State Farm sought to spark interest in this growing trend at NHTSA. But despite the jump in claims, despite the severity of the accidents, despite the growing death toll, no one at NHTSA reacted until a Houston television report on these allegations in February of this year prompted NHTSA to open an investigation in May, which in turn prompted the recall action by Firestone.

NHTSA's attempts to justify the lack of earlier action ring hollow. Transportation Secretary Slater, when recently confronted by the media about the State Farm warnings and its own database of dozens of similar claims, responded that the total number of claims was small and did not involve any fatalities.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

I'm sure that the American people are glad to know that our safety agency waits until someone dies before launching an investigation into defective products. But as the committee uncovered from NHTSA's own files, the original State Farm referrals to NHTSA did include two fatalities.

MR. BLILEY: So not only were Secretary Slater's comments insensitive, they were simply wrong as well.

Then there's Firestone, which bears primary responsibility in this matter. Its database of personal injury and property damage claims involving this tire is numbered in the thousands. While a significant number of claims on such a widely used tire is to be expected, Firestone said that it never even bothered to analyze this data for unusual trends until this summer after NHTSA asked for it.

Within a matter of days, this analysis, spearheaded more by Ford than Firestone, revealed the shocking facts that led to the recent recall. Sadly, we can count the number of lives that probably could have been saved, had this analysis been done even just two years ago.

Indeed, contrary to Firestone's assertions, there is evidence that Firestone was analyzing such data much earlier than July of this year.

Ford Motor Company also is not blameless in this matter. Far and away, the Ford Explorer is the most popular sport utility vehicle in the United States, carrying millions of American families to and from work, day care, school and on vacation. Yet, Ford, too, when faced with hundreds of complaints of major tire defects on the Explorer, failed to respond with a sense of urgency that one would expect when the safety of so many people rested on its shoulder.

These warnings also include the dozens of Ford Explorer accidents and deaths in foreign countries, allegedly resulting from similar tire failures, between 1997 and 1999, forcing Ford to begin recalling the same or similar tires abroad, one year ago.

None of this should obscure the overall excellent safety record that both Ford and Firestone have amassed during their century of service to the American people. But black marks like this episode can actually end up serving the people's interest if they force everyone to redouble our efforts to include the safety and increase the safety margin of these inherently dangerous but necessary products.

I also hope that this sad chapter in American history may prompt increased sharing of information among all parties represented here today: government, car- and tire-makers, and the insurance industry. I am confident that had everyone known the information that each individual party to this affair had in its possession, this recall would have occurred far sooner and with far fewer loss of lives.

Thank you, Mr. Chairman.

MR. TAUZIN: Will the gentleman yield before you complete?

MR. BLILEY: Yes.

MR. TAUZIN: I thank the gentleman.

I simply wanted to put one fact into the record, following my friend from Massachusetts' statement on funding.

We will offer later on into the record a document indicating that the Defects Investigation Contract Program, which is the program within NHTSA that does defects investigation, actually saw 50 percent increase in funding over the time period cited by my friend from Massachusetts. Actually, a 50 percent increase from the year 1980 for this current year.

Thank the gentlemen.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

The chair will now recognize the gentlemen from Michigan, the ranking minority member of the full Commerce Committee, Mr. Dingell, for an opening statement.

MR. DINGELL: Mr. Chairman, thank you. And, Mr. Chairman, I want to thank and commend you and Chairman Upton for holding this hearing. This is precisely the kind of matter into which the Congress should be looking.

We must gather to understand all the facts so that we can assess properly the behavior of all parties, and to determine whether new legislation and or improved regulation is needed, because our basic purpose here is to see to it that the consuming public and the motoring public is fully protected.

Recall of 14.4 million tires by Bridgestone-Firestone, announced August 9, is the second largest tire recall ever. It is surpassed only by Firestone's recall of 14.5 million tires in 1978.

The recall in 1978 lead to hearings where this committee disclosed many of the same problems that are involved with the recall today.

Then, like now, tread belt separations on Firestone tires were involved in accidents causing serious injury and death. Then, like now, many of Firestone's problems related to its client in Decatur, Illinois.

The recent recall came about only after Ford Motor Company, whose vehicles were equipped with many of the recall tires, was given access to Firestone's claims data in late July, and was able to link 46 deaths and a large number of claims to accidents involving three 15- inch models of Firestone tires: ATX, ATX2 and Wilderness AT.

Since August 9, the number of fatalities attributed to these tires has grown to 88, according to the National Highway Traffic Safety Administration.

MR. DINGELL: Time, then, is of the essence.

I do note that after my letter of August 11, Firestone agreed to speed up its recall by reimbursing consumers who had replaced their tires with those of a competitor.

More is riding on this hearing, however, than the reputations of Firestone and Ford. Countless Americans are on the road today picking up their kids, driving to work, and the last thing that should worry them is the quality and the soundness of their tires. It is unconscionable that so many have been placed in this kind of situation.

Today, almost one full month after the recall was announced, neither Firestone nor NHGSA, the government agency responsible for tire safety, has been able to identify why these tires are failing and why serious accidents are occurring.

Consumers, therefore, have justifiably expressed a great deal of concern for their safety and for that of their loved ones, as well as a lot of frustration about the way this story has unfolded.

Every day there seems to be some new disclosure, fostering apprehension that Firestone may not yet have control of the problem. The concern was compounded by a recent full-page ad placed by Firestone in major countries -- in major papers around the country assuring consumers that it acted appropriately but acknowledging it does not know what's causing the tires to fail.

In order to restore public confidence, Firestone must identify the root cause of its failure problem, and quickly and fully disclose their findings.

Consumers can also take little comfort from Firestone's explanation of why it took so long to identify the Firestone failure problem. According to Firestone, the problem eluded them because manufacturers never properly analyzed data and personnel claims to identify defects or problems with tires. They say the university of claims data is simply too small. But a staff examination of the records, revealed since 1995 Firestone had reports on more than 1,600 lawsuits, property claims and personal injury claims involving their recalled tires.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

I must say I find it curious that Firestone did not regard 1,600 claims as significant when it took only 21 claims for State Farm Insurance Company to decide that a potential problem existed.

Records available to the committee also indicate that some in Firestone, in apparent contradiction of its statements to committee staff and others, analyzed their claims dated 1998. These Firestone analyses show that the claims were especially high for ATX tires, and the claims were highest for tires produced at the Decatur, Illinois, plant.

Contrary to Firestone's other assertions, at least one other American tire company, Goodyear, says it routinely looks at all its customer data, including claims data, to identify defect or failure trends with its tires.

Whatever else we learn at the hearing today, we hope that we will find that all involved will find the need for more open and detail communication regarding these critical products and how they perform in the field.

If it is industry practice not to share claims with automakers, then it is time for that practice to change, by statute or otherwise.

Had the Houston television station not run the story that we've seen today, perhaps we would not be discussing these matters.

As to NHGSA, we need to know that its resources are adequate; that it can effectively perform its important safety work.

MR. DINGELL: If budget cuts and other restrictions placed on that agency prevent it from protecting the public, then this committee should seriously look at increasing the budget and freeing the agency from constraints. It is also entirely appropriate at a time like this to evaluate whether NHTSA's statutory authority is sufficient, and I trust we will hear about this as we go forward.

Again, Mr. Chairman, I thank you and Chairman Upton for holding this hearing, and I look forward to the testimony of the witnesses.

MR. TAUZIN: Thank the gentlemen.

And it is now indeed my pleasure to welcome the other gentleman from Michigan, the chairman of the Oversight and Investigations Subcommittee of our Commerce Committee, Fred Upton.

Mr. Upton?

MR. UPTON: Thank you, Mr. Chairman.

Good afternoon, everyone.

"Made in the USA" means something to most Americans. It means the highest quality product, made by the highest quality work force in the world. People who buy an American product demand and rightly deserve the best and indeed the safest.

Today's hearing is very personal to me, because I come from Michigan, the auto state, the auto capital of the world. Michiganders are ingrained with a special pride about the auto industry and its proud industrial tradition, which has been a linchpin of our nation's economy since the early 1900s. And when the integrity of one of our cars is called into question, we in Michigan have a burning interest in getting to the bottom of it and fixing it, to reassure the American people and the rest of the world what they have known for over a century: that cars from the auto state are the best in the world.

Tragically, some 88 people have died in accidents involving Firestone tires. Our prayers are with those families today. We have convened this important hearing today to get to the bottom of what is wrong with the Firestone

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

tires and what we need to do to fix them so that no family will have to endure the same pain as those who have already lost a loved one. We need to know why NHTSA, which has officials who are paid to do nothing else but monitor accidents, had been asleep at the wheel when it had information served up to it on a silver platter by State Farm Insurance Company which would suggest grave problems with Firestone tires. The taxpayers demand better.

Our committee's investigators have gone to corporate headquarters of Firestone in Nashville, Ford in Dearborn, and NHTSA headquarters here in Washington to investigate the matter, combing literally thousands of documents, examining reams of data and interviewing dozens and dozens of officials to try and shed some light on these questions. And armed with that information, it is our job today, this afternoon, to ask tough questions of the witnesses to further illuminate what can be gleaned from the information with hopes of what we do here today can help save lives tomorrow.

I would like to note that I'm not happy to learn that Secretary Slater apparently has refused to participate in this hearing today despite him being just down the street. As secretary of transportation, it is his responsibility to oversee NHTSA's role in the life and safety for Americans traveling on Americans' highways. This is the people's business, and if he can be with Cokie Roberts on the Sunday talk shows, he certainly ought to be here before Republicans and Democrats searching for the truth on a workday.

I want to thank Chairman Tauzin for his efforts in holding this joint subcommittee today, and Chairman Bliley as well. I look forward to the testimony of our witnesses and the answers to our questions. And I yield back the balance of my time.

MR. TAUZIN: Thank very much the gentleman.

And the chair now yields to the designated minority representative of the Oversight and Investigations Committee, the gentleman from Michigan, Mr. Stupak.

MR. STUPAK: Thank you. Mr. Chairman, and thank you for holding this very important hearing. I hope it is the first of several to look into the tire safety issue.

Twenty-two years ago, this committee held four days of hearing on the first incident of tread belt separation in radial tires. The tire was the Firestone 500, a radial developed for passenger vehicles. Although the 500 had a very high rate of failure at the time of the hearings -- there were 15 deaths and 16 injuries, ultimately 41 deaths resulted -- in contrast, there are already 88 fatalities attributed to the tread belt separation in the Firestone ATX series of tires we are looking at today, and the number continues to grow.

The reason: This tire's placed on a sport utility vehicle, a vehicle which has a tendency to roll over when a tire fails. The tire failure is one of the top three most serious vehicle safety defects we've ever seen in this country. It is surpassed only by the deaths and injuries that resulted from the Ford Pinto rear-mounted gas tank and a GMC pickup externally mounted gas tank.

Unfortunately, many things have not changed since 1978. Firestone, then as now, has found no manufacturing or design defect, but blames the consumer for every single failure.

MR. STUPAK: Firestone alleges that consumers drive too fast, under-inflate their tires, drive in hot climates, overload the vehicle, and don't do proper maintenance

Then, as now, Firestone Decatur plant showed up as a source of an unusual amount of failing tires. Then, as now, Firestone cannot explain why other brands of tires don't have the same failure rate. Then, as now, the National Highway Transportation Safety Administration, NHTSA, standards for tire strength were and are grossly inadequate. In fact, they have not changed those standards since 1968, long before there were steel-belted radials and the popular sport utility vehicles.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

There are a few new wrinkles. This time, the tires are found mainly on one company's vehicle: the Ford Explorer SUV and light trucks. And Firestone has two new factors to blame: hot climates, which stress its tires, and high ozone, which degrades its tires.

The other change is that Ford, until recently, had agreed that -- with Firestone, that there was nothing wrong with the tires. Ford made these statements despite receiving more and more complaints from their dealers who were wondering why only Firestone tires failed.

Mr. Chairman, we're going to hear a lot today about Firestone didn't know there was a problem, Ford didn't know there was a problem, NHTSA didn't know there was a problem until a Houston television station told them there was.

The documents the committee has received, along with the news reports, indicate that all these parties knew a great deal more in 1998 and 1999 about tire failures than the Houston television station did. They just ignored it.

We also are going to hear from a number of witnesses that the number of failures was so small that no one could have been expected to pay attention. Yes, the numbers begin small, but because the propensity of the SUVs to rollover when a tire fails, the cost in deaths and injuries was inordinately high and increasingly at an alarming rate.

Both Ford and Firestone should have known and should have watched this particular vehicle more closely. With less than 6,000 vehicles in the entire country of Saudi Arabia, there were 18 accidents in Saudi Arabia, including seven fatalities in 1999. The U.S. had four. And there was another large group in Venezuela. Despite what anyone says about the conditions in all these countries, one fact remains: Other tires under same conditions did not fail.

That should have alert everyone. It alerted the State Farm Insurance Company, it alerted the Center for Auto Safety. Unfortunately Ford, Firestone and NHTSA failed to act.

Mr. Chairman, if we cannot depend on Ford and Firestone to tell us what happened, the American consumers are tired of hearing Firestone blame its customers for the problems found in their tires. American consumers are tired of hearing Ford blame Firestone. Consumers don't want to go out and buy four tires and ask the dealer to throw in a vehicle; they buy a vehicle and the tires are part of that vehicle.

Today I'm going to ask Firestone and Ford to join with mein calling for and cooperating with an independent review of these tire failures worldwide to determine the cause of the failure and to propose solutions and report back to this committee and the public by the end of the year.

In the meantime, I believe the recall should be widened to include all 15- and 16-inch Firestone tires, as has been done in Venezuela and Saudi Arabia.

We here in the United States deserve to be treated no differently than people in other parts of the world. We deserve an answer to the many questions that will be raised here today. I'm afraid that Firestone, Ford and NHTSA can't find the answers.

Let's join together to call for and support a fully independent review of this situation so that we can find the answers. The public deserves an answer, this committee deserves an answer, and most of all, the families of the 88 people who've lost their lives deserve an answer.

With that, Mr. Chairman, I yield back the balance of my time.

TAUZIN: I thank the gentleman.

The chair is pleased now to welcome the vice chairman of the Telecommunications, Trade and Consumer Protection Subcommittee, the gentleman from Ohio, Mr. Oxley, for an opening statement.

OXLEY: Thank you, Mr. Chairman.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

We are here for a hearing on the most serious of issues: highway safety. Every day, drivers rely on their vehicles and tires to carry them to destinations a mile or hundreds of miles away. They want to get where they're going and back safely. And the encouraging fact is that fatality rates have fallen in relation to vehicle miles traveled.

Today we confront something out of the ordinary: a proportionally high number of accidents, some of them tragically fatal, principally involving Ford Explorers and Firestone tires. So the job of the two subcommittees here today to make sure that drivers and their families feel secure.

My hope is that the Commerce Committee will be able to look at the Firestone recall situation in the detail it deserves. What caused these accidents? Was there a trend that could have been identified much earlier? What needs to be done in response?

There will be questions about engineering, product quality and data review today. A full review of highway safety should eventually take driving behavior into account as well.

The challenge for these subcommittees is to dig beneath the headlines of the last month and the events of the past few years because if the answer is too easy, the question probably wasn't good enough.

I extend a welcome to our witnesses, and I particularly note the presence of Ford President Jacques Nasser, and the CEO of Bridgestone/Firestone, Mr. Ono.

You can't write the history of the automotive industry without the names of Ford and Firestone and the advances from the Model T to the cars of the new millennium that they have been part of.

The first thing that I'm looking for is assurances that every driver is being protected. Suspect tires must be replaced now. Tire manufacturers are boosting production to help fill the current shortfall, and the exchange terms for consumers should be hassle-free.

The replacement program must also be fair nationwide. Vehicle owners in states with relatively low accident rates, like Ohio, have the same right to new tires as people who live in states where there have been more incidents.

Experts are already at work trying to determine what caused the problem and whether it is a single cause or many.

MR. OXLEY: "Why?" is one question. "When?" is another. Why weren't any trends detected earlier? I find it remarkable that NHTSA did not follow up on findings made by a researcher for the nation's largest auto insurer, State Farm, all the way back in 1998.

Recalls of this magnitude inevitably prompt a review of regulations and practices. I suspect that there will be heightened cooperation within the automotive and tire industries from now on.

The regulatory question to ask is whether agency resources have been put in the right place, and whether regulators are focusing their attention on the most important issues.

We should also resolve to do the most good for the consumer, by putting agendas aside and responding on the basis of the facts as they emerge.

I was disturbed to find a web site called, quote, "The Firestone Tire Recall Legal Information Center," end quote. This seemed to be more devoted to finding cases for trial lawyers than for providing assistance to consumers.

There will be some hard questioning today, and properly so. The Commerce Committee has a long tradition of oversight in the public interest. We must put safety first.

I look forward to our witnesses and the questioning that will follow. And I yield back.

MR. TAUZIN: The chair thanks the gentleman.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

And the chair now yields to the gentleman from Tennessee, Mr. Gordon, for an opening statement.

MR. GORDON: Let me first give my thanks to Chairman Tauzin, Upton, and Ranking Member Markey and Stupak for holding this very timely hearing. I also want to extend my welcome to our witnesses today. And following up on Mr. Oxley, want to also welcome Dr. Sue Bailey, who has a very short tenure at her agency, yet, brings outstanding credentials and a good reputation from the Department of Defense, as undersecretary there at the Pentagon.

I suspect that all of our witnesses would rather be doing something somewhere else today, but this is an important hearing. The American public deserves to know more of what's going on. And so, I thank you for being here.

Let me also say that I suspect that a lot of the time today is going to be spent trying to place blame and deflect blame. I want to take a little different tack. I'm more interested in -- rather than learning about the unfortunate deaths and injuries in the past, I want to be able to save lives and injuries in the future.

And so, I'm going to be asking you about the QS-9000 Quality Assurance Program; whether you're satisfied with it, and whether you think status quo is adequate, or there should be some changes. And if you're satisfied with it, then I guess we need to learn more about that program. And if you're not, what changes should be made. Should that be an industry change with, I guess potentially judicial oversight, as you're already concerned about now, or should it be a -- is there a role for Congress or the administration in implementing some of that change?

Those are going to be some of my questions. I'm going to ask everybody the same thing, so you'll know what's coming. You got five minutes, so it's sort of easy to rope-a-dope here. But I'd like to try to get some answers and move forward.

Thank you.

MR. TAUZIN: I thank the gentleman.

The chair now recognizes, gentleman, Mr. Ganske, for an opening statement.

MR. GANSKE: Thank you, Mr. Chairman.

I was walking down the street yesterday in Des Moines, and I ran into a Ford dealer. I asked him how this was impacting his business. He said that he had set aside four employees full time to replace tires. They had replaced 400 tires, and if they had sufficient tires, they would have replaced double them. He saw that there would be a -- thought there might be a shortage in September for getting those tires replaced.

Now, it affects dealerships and people all across this country, not to mention the fears that people have for the safety of their automobiles.

I have two questions that I want to ask all of the people today. First, I want to know from NHTSA, Bridgestone/Firestone and Ford, what they are doing to ensure that we get an impartial determination of the cause of the increased failure rates at the Decatur plant.

It seems that there isn't controversy on the fact that there has been a disproportionate share of failed tires from the Decatur plant that were manufactured at the time of the strike. Data from -- that is provided in the testimony today from Ford, shows a tread separation claims rate for Firestone 15-inch and 16-inch tires from 1995 to 1999, with about a 14 times higher incident rate -- this is claims rate -- at the Decatur plant for the ATX than other plants. And about the same percent -- 14 times higher rate for the Wilderness AT at the Decatur plant, and in comparison to other plants.

MR. GANSKE: And then data -- a chart that was provided by Mr. Ono from Bridgestone/Firestone, shows essentially the same thing: Claims per million tires produced for the ATX shows at least a twice higher rate for the Decatur plant than the next rate from the Wilson plant. Same thing goes for the Wilderness AT.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

And so my second question that I want to ask and get on the record from Mr. Ono and Mr. Nasser is, do they think there is a causal relationship between the Decatur plant strike and the tire failures? I hope that at some time in the future we are able to get employees and managers from the Decatur plant here to testify.

And with that, I'll yield back.

MR. TAUZIN: The chair thanks the gentleman and yields now to the gentleman from Ohio, Mr. Sawyer.

MR. SAWYER: Thank you very much. Thank you, Mr. Chairman. Thank you for this hearing.

I think it's probably fair to say that, coming from Akron, Ohio, there is no member here who has felt the stress and the burden of the issue that bring us all here today. In the course of the last century, Akron, Ohio, has built millions of tires. They have gone out across the country and around the world and spread an industry that has been transnational in its organization and global in its reach for longer than those terms have been used in their current context.

It is a matter of personal concern to people in Akron, Ohio, that the lives of consumers be the first priority and that the deaths of 88 people and injuries to at least 250 more were linked to tread separation on tires, whether they have been built in Akron, Ohio, or not. We haven't built a tire in Akron in 20 -- passenger car tire in Akron in 21 years, but it remains a center point of research and development, technology, and command and control in this global industry, and the topic that brings us here today is of importance to all of us.

Industry can't build a perfect tire, and in the early days of the last century Model Ts carried as many as four tires. In the '40s and '50s, some cars still carried as many as two, and today cars typically carry one. But the point remains that the only backup piece of equipment that comes on a car is a spare tire. That's not by accident.

Tires are complex products. They may all look pretty much the same, but they are not a commodity. They are highly engineered products that operate in one of the most extraordinarily violent environments of any product that we expect to use in our ordinary daily lives. A modern car develops hundreds of horsepower, hundreds of pound feet of torque. It develops extraordinary cornering power. Its steering capacity is unsurpassed in the history of the automobile. And modern braking systems provide enormous stress on a car in bringing thousands of pounds to a halt rapidly.

All of those forces express themselves through four small contact patches the size of a man's hand of a continuously rotating tire, and the expectations that we have of failsafe performance from those four contact patches is an extraordinary thing. The fact that they perform as well as they do, 700 revolutions per mile, mile after mile, for 50,000 miles and beyond, most frequently without failure, is extraordinary.

Those are expectations that we have, and in large part, unless they're abused or damaged, tires function in that way.

What is most troubling about the matter that brings us together today is that the extremely small failure rate in itself may have exacerbated the process of finding that there was a problem and trying to identify its source, and more importantly, as a number of members have mentioned, its cause.

MR. SAWYER: I have a longer statement that I'm not going to go into right now. I hope to bring out some of the points in questions and answers.

But just let me add, in closing, that the tire industry has been working on updating tire safety regulations worldwide through a complex, multi-year process.

The current regulations that make up the Federal Motor Vehicle Safety Standards, Section 109, were written in the mid-1960s when bias-belt tires still dominated the market. So it comes as no surprise to me today that we are likely to be talking about bringing tire regulation firmly into the 21st century.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

I know that the industry and regulators have been working to develop a harmonized standard for tires based on the best global tire safety practices. In doing so, the industry has asked for thoughtful contributions of key public interest and consumer protection groups here in the U.S. and around the world. I hope that this work will continue and that we will set a standard for that here today with the new perspective that today's hearings brings.

Several questions have been raised that address this tire recall here today. I look forward to hearing from today's witnesses, and simply say, in conclusion, that in the course of the time in which we have worked to look into the root-cause analysis, I can tell you that there is no one working on this in my district, in Akron, Ohio, who's going to sleep well until the cause is found.

Thank you, Mr. Chairman, I appreciate your flexibility.

TAUZIN: I thank the gentleman.

The chair now recognizes the gentleman from California, Mr. Bilbray, for an opening statement.

BILBRAY: Thank you, Mr. Chairman.

And Mr. Chairman, I'd like to thank the gentleman from Akron, Ohio, for his in-depth report on the status of where the rubber meets the road.

I would have to, sort of, agree with him that, I guess, we take so much for granted in the American social structure. The fact is, as my colleague next to me just pointed out, that you hardly know what a flat tire is now unless something hits your sidewall, with the introduction of steel-belted tires.

And I understand that there are members here who have community economic interests about this issue and the credibility. I mean, I think that the gentleman from Michigan can point out that the reliability we have in the automobile industry is one thing that I think that our grandfathers could only dream of and our grandmothers could only cringe at.

And I guess if my father was alive today, he would be attacking me at why my wife drove across country in a car without her husband with her. You know, you can't allow a woman to go drive all the way across the country because it wasn't safe and it wasn't -- it was terrible, and look at this, think of all the things that would have happened.

And I think it's just a testimony to the dependability of our transportation system in this country in a lot of ways. Granted, my wife got to see more of El Paso than she preferred to for a few days, but that's another story.

Mr. Chairman, I'd just like to speak from the San Diego point of view, seeing everybody's talking about their little hunk of this issue in their part of the world.

And as we talk about the industries, we talk about the auto industry, the tire industry, the people that build these cars and make these tires, I think we've got to remember, too, that this issue affects every one in the entire country. It is something that goes beyond the people who produce the products. It goes and ends up with those who receive the products, and pay good money for these products, and expect them to perform to a reasonable standard.

And I would have to tell you that I have a consumer who was a lady who drove this summer, as those of us in the West will do, thousands of miles on her vacation from San Diego, by the Mexican border, all the way up to northern Idaho with her family, with a fully loaded Explorer. Ended up getting back, even though it was during the heat of the summer, very hot summer this year, unloaded the car, unloaded the family, and the next trip just happened to be off to the office, and the tire became unlaminated and fell apart. And her comment was, "Thank God, this didn't happen at 70 miles an hour, full of -- with a full loaded car; it just happened at a certain time, it was the safest time to happen."

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. BILBRAY: I only want to say that because I think that we always talk about the deaths and the terrible things that happen when these things fail. We're lucky on this one case that my constituent was able to talk about it now, rather than having her family read about her accident in the paper.

I would just ask us to get back to this issue of the fact that there was indications of a problem. We have a problem that crosses over two major industries that have major, major impact on some communities in this country, and have influence on all the communities in this country, and that is between the automobile industry and the tire manufacturing industry.

And I think that we need to say, where was the breakdown in communication -- not just where blame rests -- and when and where and who could have avoided this problem? But also, how do we avoid it in the future, and how do we straighten this out to make sure that when a woman wants to drive her family on a vacation, or a husband wants to send his wife off on a trip -- a long-distance trip in her car, one of the things we don't have to worry about is a faulty tire that falls apart at high speed and causes a terrible accident? I think that's our challenge.

Our challenge is not to protect an industry, not to cover our employees' and employers' tails at this time. It's to make sure that not only do people have a job to go to, but they've also got a safe car to drive home in. And I would ask us to consider that as Democrats and Republicans, but most importantly, as Americans today.

And I yield back, Mr. Chairman.

MR. TAUZIN: I thank my friend.

And the chair now yields to the gentleman from Texas, Mr. Green, for an opening statement.

MR. GREEN: Thank you, Mr. Chairman. I'd like to thank you and Chairman Upton for calling this joint hearing about the Telecomm and Oversight Subcommittees.

I appreciate the recognition of this serious safety issue, that we'll address, and the need to make certain that the lives of American consumers are not at risk as they drive their children to school, to -- themselves to work, or take a family vacation, as my colleague from California mentioned.

I'd also like to congratulate Channel 11, KHLU-TV in Houston, for their investigative efforts, and -- into the loss of the life of a competing station's TV reporter in a tire separation accident that occurred, really, two years ago. And I'd also like to recognize my Texas colleague from South Texas, Representative Hinajosa's here today, who -- just recently there was a death of a 13-year-old child in Hidalgo County, Texas, in a rollover incident with a Firestone tire that blew out.

We need to personalize this, because I know in manufacturing, often times, we produce a product and sometimes forget that product is so important, whether it's in my early business as a printer producing a product or someone producing tires or automobiles, or in my district, where we produce petro-chemicals, we need to realize the impact that it could have -- even a small percentage failure can have on our ultimate customers.

We're going to hear from a lot of witnesses today, and particularly the National Highway Transportation Safety Administration, NHTSA. And I want to welcome all the witnesses here.

It's important to find what Bridgestone/Firestone and Ford knew when they noticed the potential defects in the manufacture operation of these tires. Additionally, we need to closely examine the role that NHTSA played in these events, and whether or not we may be asking that agency, whose budget has been budget approximately one-third over the last decade, to do much more with fewer resources.

I noted earlier that NHTSA section that's responsible for tire safety, received a 50 percent increase since 1980, but that's 20 years, and not adjusted for inflation. When you look at -- we have 41 percent more vehicles on the road today -- I would assume we'd all consider that a cut, particularly if it's our own pay.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

Just as important, however, we need to live up to the name of one of our subcommittees that's hosting this hearing. We need to focus on consumer protection on how we can protect people now by speeding the replacement of tires and how we can protect them in the future by ensuring that we have both adequate safety rules and regulations in place.

And, again, so that we all recognize the personal aspects of it, just yesterday I was in our district in Houston in 105 degree temperatures and happened to have a flat tire, Mr. Chairman. And being away from the closest place, I changed the tire myself and went to a service station to buy another one. And the only tire they had that was a replacement for my Blazer -- I drive an SUV -- was a Bridgestone tire. And I asked the service station, I said, "I want to make sure it's not one of those." Because I hadn't heard Bridgestone, I heard Firestone was a problem.

Hopefully, not only that tire that I bought, but also many of the tires that are at the retailers around the country, or in the inventory in our factories, are also being checked to make sure that they're safe. Because, again, as my colleagues have said, we need to look to the future and see what we can do to correct the problem, and -- instead of worrying about covering our own industry, our own agency, or our own members of Congress.

I want to ensure that when consumers who have these recalled tires on their vehicles, get them replaced, that they have the ability to choose the tires that they want.

MR. GREEN: I also want to ensure that the compensation that's going to be provided them by Bridgestone/Firestone is offering consumers fairly and accurately, reflecting the cost of new tires for the consumers on whose tires that -- for their vehicles.

And I hope that we can get these and other questions answered, Mr. Chairman. I look forward to the testimony. Thank you again. I yield back.

MR. TAUZIN: Chair thanks the gentlemen.

The chair yields to the gentleman from North Carolina, Mr. Burr, for an opening statement.

MR. BURR: Mr. Chairman, I ask unanimous consent that my written statement be entered...

MR. TAUZIN: The gentleman makes a good point. The chair asks unanimous consent that all members' written statements be made a part of the record, as well as the written statements of all of our witnesses who will follow we hope soon. And without objection that unanimous consent is granted.

MR. BURR: I thank the chair for that consent. I'd like to take my opportunity to more personally address those in attendance today who have the power to make decisions and the power to implement solutions.

Mr. Nasser and Mr. Ono, let me say specifically to both of you: Please put financial and legal concerns aside today and do everything possible to make sure that the solutions are implemented in a way that the security for every person out there is taken care of. You have a responsibility to your shareholders, but you also have a responsibility to those who purchase your product, and this is an opportunity to prove exactly how strong your commitment is to your customers.

Ms. Bailey, put the excuse aside of not enough resources and concentrate on how to work with the Congress and with these companies to make sure that NHTSA performs the type of job that I believe they're capable of doing and by design they should be doing.

On my way to the airport this morning, as I complained with coming back from a break, and faced with a very difficult hearing, I passed, on the side of the road, an SUV with a shredded, right -- left tire, a fresh reminder of exactly why I was headed back. Fortunately enough, it had not rolled.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

But I would ask everybody here to concentrate today on the individuals, the human faces behind this issue, those who might be family members of somebody who was killed, but more importantly, the 14-plus million people who possibly today could get in a car that has recalled tires that have not been switched and ask the question, "How far can we go? How long will they last? Can I hold out until the replacements come?"

Trust me when I say that every person who falls in that category is stressed today, relative to their safety and the safety of their families. I would ask all of you to focus on that. Let no one leave this hearing today without agreeing that a serious problem exists and that it must be solved, at whatever cost, as quickly as we possibly can.

I thank the chair for the leniency, and I yield back.

MR. TAUZIN: Thank the gentleman.

The chair recognizes the gentleman from Illinois, Mr. Rush, for an opening statement.

MR. RUSH: Thank you, Mr. Chairman. Mr. Chairman, I also want to commend you and the other allied chairman for this timely hearing.

We have a consumer safety crisis on our hands. Millions of consumers are driving on highways with tires that may separate and cause fatal injuries. There are a few basic questions that we must have answered. The first is whether this situation is a failure of NHTSA to properly carry out its enforcement responsibilities. And the second is whether Firestone and Ford refused to address the problem which they knew existed for years in order to save themselves embarrassment and money.

Regardless of who is responsible, it is a travesty and it is an American consumer problem. American consumers are at risk, are suffering and are dying. The American consumer is relying on us, this committee, this Congress, this government, to protect them from incidents like this. I hope that, at the conclusion of this hearing, that we will be able to determine the appropriate course of action to prevent this problem from every occurring again.

Mr. Chairman, I am open to any reasonable conclusion, whether it be revisiting or upgrading our tire safety standards, or whether it be enacting tougher enforcement protocols so that NHTSA can act quicker in similar situations, or even providing for tougher penalties, including sanctions for those who knowingly violate the motor vehicle safety standards.

MR. RUSH: Mr. Chairman, the tire is an important and integral part of a vehicle, and we owe it to the American people to provide reasonable protections where they cannot be expected to protect themselves.

And with that in mind, Mr. Chairman, I yield back the balance of my time.

MR. TAUZIN: The chair thanks the gentleman from Illinois, and the chair now welcomes and recognizes for an opening statement the gentleman from Tennessee, Mr. Bryant.

MR. BRYANT: Thank you, Mr. Chairman, for holding this hearing. And I want to thank also the witnesses that will be here today testifying, especially the chairmen from two great companies, Firestone and Ford, for being here today to answer questions.

I know this is a prolonged process for everyone here, listening to members give opening statements, but this -- as a representative form of government, this is one of the ways that our constituents, your consumers, can speak directly to you and that is through our statements and about comments and about what we hear when we're back in our districts talking to our constituents. And like many of the members in this room, I have constituents who are -- and I believe rightfully so -- very concerned about the safety of their vehicles.

It's my hope that today's hearing will help alleviate some of those concerns and also help place this issue of safety in a proper context. I do not, like my colleague from Tennessee on the other side of the aisle, believe that the focus

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

of today's hearing should simply be on blame. That will ultimately have to be decided in other venues across this country as, I'm sure, numerous lawsuits are being filed as I speak.

I believe this hearing, though, presents us with two opportunities: First, we need to examine whether or not the laws and regulations already on the books need to be enhanced to ensure consumer safety. And secondly, we need to determine whether appropriate steps were taken by Ford, by Firestone, and by the National Highway Traffic Safety Administration to ensure that no more lives are to be lost or people injured as a result of accidents associated with the recalled tires.

I have a longer statement, Mr. Chairman, but in the interest of time, I will submit that to the record. I do look forward to the testimony of these witnesses and, again, thank you for chairing this very appropriate and timely hearing.

MR. TAUZIN: I thank my friend.

The chair now recognizes the gentleman from Maryland, Mr. Wynn, for an opening statement.

MR. WYNN: Thank you, Mr. Chairman. I also would like to thank Chairman Upton -- both of you for calling this most important hearing.

You know, at these hearings we sit on the dais and we're supposed to take a dispassionate look at the issue before us. But I have to acknowledge that it's very difficult, because it keeps running through my mind that 88 people are dead, and that at some point along that continuum some of those deaths were preventable. I don't think that that is a issue, the guilt or innocence, that this committee should attempt to resolve. It is properly before the courts in individual claims. But it does bring to my mind the seriousness of this issue. Some of these deaths were preventable.

It is my perspective that this hearing is not designed to determine what went wrong with the tires. It would be very nice if that were the outcome, but I think it is probably more likely that we will explore what went wrong with the way we, both industry and government, responds to these kinds of complaints in this type of crisis.

I have several issues that I hope to hear about from our witnesses today, the first of which has to do with the, quote, "legal duty" to report foreign recalls. It seems to me that, again, along that continuum, a discussion was held about whether or not officials in this country ought to be made aware of problems, including deaths, from this situation -- this product that have occurred in other countries. And apparently, a conclusion was drawn that there was no, quote, "legal duty" to report this information to U.S. officials.

Second, and this is probably naive on my part, I wonder whether anyone considered whether there was a moral duty to report this information to U.S. officials.

MR. WYNN: And so I'm very concerned to hear what the leaders of industry -- and as someone pointed out, these are two longstanding and fine companies -- what the leaders of these two companies have to say on the subject of where their responsibility lies in responding to this particular crisis, this particular problem.

You know, many of us would like to talk about industry self-regulation; it's almost become a mantra, so to speak, and a lack of government reduction rather than government regulation. I think this situation has probably laid that to rest, and I think it makes it abundantly clear that there is a proper role for aggressive government regulation, particularly in the areas of public safety.

Second, I'm also interested in hearing about the role of government officials in responding to this crisis, specifically at the National Highway Traffic Safety Administration. I think it has been stated earlier, it's taken an inordinate amount of time for the agency to act, even allowing for the lack of resources, which is within Congress' bailiwick to correct. From 1988 to May of 2000 seems to be an inappropriately long period of time, particularly when there were reports all around that this was a serious problem.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

I'm also concerned about a report that files that were initially denied from State Farm were later, in fact, found within the materials available and existing at the agency. Some individual was not appropriately forthcoming.

Let me conclude by saying this: We will not attempt to assess blame here, we will not attempt to determine guilt or innocence. But I hope we will spur, first of all, a very broad recall; that the cost-benefit analysis will be set to the side, and that we'll have the broadest possible recall and not just confine it to Decatur, so that as many people as possible will feel the maximum degree of safety.

I also hope this process will happen quickly, that we'll not have a lengthy delay, protracted analysis of whether we ought to expand the recall or not, but that, as my colleague from North Carolina said, that we set aside those concerns and consider the benefit of the consuming American public.

I think this is a very good hearing. I look forward to the testimony of the witnesses, and I yield the balance of time.

MR. TAUZIN: I thank my friend for his excellent statement.

I yield now to the gentleman from California, Mr. Rogan, for an opening statement.

MR. ROGAN: Mr. Chairman, I want to echo the sentiments of my colleagues who have spoken before me in thanking you for calling this hearing. And also I want to thank the excellent staff work that has gone in the preparation of this hearing.

I do have an opening statement, Mr. Chairman, but I note that we're now more than an hour and a half into our hearing and we haven't heard from the first witness yet. To expedite this procedures, I will take advantage of general leave and submit my opening statement for the record, and I yield back.

MR. TAUZIN: I thank the gentleman very much and hope that other members might want to follow suit.

The gentlelady from Colorado, Ms. DeGette is recognized.

MS. DEGETTE: Thank you, Mr. Chairman.

Mr. Chairman, I had the unfortunate experience many years ago, when I was a student, of having a tire fall apart on me as I drove down the highway at 60 miles an hour. And I can say, you know, luckily I'm here today to talk about this. But it was a terrifying experience, and I can only imagine what it would be like, for example, for Mr. Bilbray's constituent with a car loaded up with children and vacation equipment.

After that experience, I decided I would no longer purchase tires that were substandard and that I would only purchase tires that were the standard of the industry. So I can't help but reflect what the owners of the vehicles containing the 6.5 million tires of the Firestone ATX and Wilderness tires that we're talking about here today are wondering about as they drive their vehicles and they think they, too, are driving the standard of the industry.

I think it's pretty clear that any entity involved with these products must act quickly and decisively to both replace the faulty tires and, perhaps more importantly, to replace public confidence in these products.

Regrettably, the quick, decisive action necessary did not occur with this recall. As the story of the recall unfolded, more questions about corporate responsibility and culpability arose than were answered. The nation's largest auto insurance company claimed it told safety regulators at NHTSA two years ago of 21 failures of the kind of tires Firestone has recalled.

MS. DEGETTE: This is a high failure rate for tires, yet no action was taken to investigate the failures either by Firestone or, frankly, by federal regulators. ATX and Wilderness tires were recalled internationally long before any investigation was begun in the U.S., and neither Ford nor Firestone informed federal regulators of the recall. The

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

signs were clear, the problem known, yet NHTSA ignored warning signs, Firestone was slow to issue a recall, and Ford failed to push them to the point.

Regrettably, rather than taking clear, resolute action to recall the faulty tires as soon as the problem emerged, the companies involved with this recall appear to have dragged their feet, playing ping-pong with potential blame. And I agree the purpose of this hearing is not to assign blame, but rather to figure out what can be done better and how to restore consumer confidence.

I think what we're left with is a lot of questions. I'm not sure I can ask the questions in the five minutes allotted of the panels, but here's some of them. Is NHTSA really this hamstrung? What tools does the federal government have to monitor the safety of vehicles and their components? Is the federal government forced to rely on manufacturers' own determinations about the safety of their products? And if so, are the regulations too weak and need to be strengthened, or does the industry itself have a responsibility to increase its self-regulation?

It's clear that NHTSA was slow to act, and as I said, the companies don't fare much better in this.

This recall is costly because both of the immediate expense, but also, as I said, the long-term expense of rebuilding consumer confidence.

I hope that today's witnesses can agree that the main focus of the hearing and the main focus of any recall must be consumer safety. I also hope we can uncover what mistakes were made in this issue and identify what steps can be taken in the future to identify the problem sooner and to have a quicker resolution.

Thank you, Mr. Chairman, and I'll yield back the balance of my time.

MR. TAUZIN: Chair thanks the gentlelady.

Recognize the gentleman from Illinois, Mr. Shimkus, for an opening statement.

MR. SHIMKUS: Thank you, Mr. Chairman.

First of all, I want to welcome Dr. Bailey also. We've worked on some issues together. And I just want to let her know that most of us realize you've been on the job for three weeks, so it's a cause by fire and we're glad to have you here.

I also want to welcome Mr. Samuel Boyden from my home state of Illinois, Bloomington, that's Tom Ewing's congressional district, but very close to mine, with State Farm Insurance Company. I think he's going to have a compelling testimony and I am glad that he's here.

Most of the comments have been said. I always fall back to a lot of things in my background, and part of the West Point cadet prayer says, "Teach us to do the harder right over the easier wrong and not be content with the half-truth when the whole can be won." And I leave our panelists with that, really echoing comments of my colleagues, Mr. Gordon, Mr. Burr, who said let's get to the facts so that we can fix the problems and move forward.

I thank you for holding this hearing, Mr. Chairman, and I yield back my time.

MR. TAUZIN: Thank the gentleman.

The chair now yields to the gentleman from Minnesota, Mr. Luther, for an opening statement.

MR. LUTHER: Thank you, Mr. Chairman, for holding this timely hearing. I'll be brief.

As has been said by others, finger-pointing is much more often than not the tendency in Washington. I hope, as others do, that we can avoid this tendency at today's hearing.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

To date, 88 deaths have been attributed to tread separation problems on these tires, this much we know. What we don't know is why 88 people and perhaps many more had to die before definitive action was taken.

Clearly, the system failed the American consumer. It appears that our consumer safety standards are antiquated and must be updated, that Congress failed to act back in 1978 when faced with a similar disastrous recall, and that the communications structure between the private and public sectors and between parties within the private sector broke down and failed.

I think this hearing can be useful in helping all of us determine what to do next. It can help us make sure that every tire in this country that needs to be recalled is, in fact, recalled immediately. And it can help us repair the system so that tragedies like this never happen again.

So I hope we can have a constructive, informative hearing that results in real protection and real safety for the American consumer.

Thank you. And I yield back the balance of my time.

MR. TAUZIN: I thank the gentleman.

And the chair now yields to the gentlelady from New Mexico, Ms. Wilson, for an opening statement.

MS. WILSON: Thank you, Mr. Chairman.

I've spent quite a bit of time over the last week looking at the documents related to this recall and I have a lot of questions for the people who will testify, but I think there are some things that are clear to me at this point.

MS. WILSON: The first is that Firestone knew they had a problem and didn't act until it was forced to do so. We've seen claims in the last month that they didn't know until July of this year, and now you're working around the clock to find out what's wrong. That's rubbish. You knew you had a problem a long time ago. You had recalls in 18 countries. This committee's staff has uncovered memos going back to 1997 where you knew you had a problem and you didn't do anything about it.

We need tougher rules to protect American consumers when multi-national corporations make recalls in other countries and fail to notify the appropriate authorities in the United States and United States consumers.

The second thing I think we need to focus on has to do with NHTSA. Sam Boyden's a State Farm researcher and a car buff. And he sent an e-mail to NHTSA in July of 1998 about 21 cases, two of which involved fatalities, saying, "There's a problem here. This shouldn't happen with a tire," and contacted NHTSA twice more in 1999. But those were ignored and put in a file. So why didn't the watchdog bark? We deserve an answer.

Third, Firestone has launched and conducted a lousy recall full of missteps and misinformation. Nine of the 88 fatalities have occurred in the state of New Mexico. Nine of 88 -- that's 10 percent of the fatalities from this tire in the state of New Mexico. Your own company admits that hot weather and high temperatures -- high temperatures and high speeds and long distances are factors in these tire failures. Ten percent of the fatalities in New Mexico: a state with less than one-half of 1 percent of the population in the United States.

But I'd ask you gentlemen to look at this map. The blue areas are where you prioritized your supply for fixing this recall. There's one southern hot western state that doesn't make your list. And I'd like to know today why New Mexico is being overlooked by your company.

I'd like to enter into the record the correspondence between the state attorney general from New Mexico and Bridgestone/Firestone giving lip service to the problems in New Mexico and the backlog of tires to replace the ones that are killing the citizens of my state.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

I yield the balance of my time.

MR. TAUZIN: Without objection, the gentlelady's request for introduction of these documents into the record is agreed to.

The chair will now recognize the gentleman from California, Mr. Waxman for an opening statement.

MR. WAXMAN: Thank you very much, Mr. Chairman, for this opportunity to say a few words before we hear from the witnesses. And I want to thank you for holding this hearing today.

The hearings in the House and the Senate are important for the airing of what went wrong with the deadly combination of Firestone tires and Ford Explorers. The public has a right to know what really went wrong; who knew what when.

I want to focus in on that theme when I get a chance to question the witnesses, because I think it's important not just to have a hearing this on time, but to learn from all the documents what people knew and what evidence there was that might have been a signal to the regulators and to the industry groups and executives that there was a problem and signal to them that they should have done something to prevent the tragedies that have taken place.

So having complete information is the only way we can move forward. And I hope that we'll get the cooperation of all of the witnesses in ensuring that we're fully informed.

MR. WAXMAN: This hearing serves a very important purpose. What follows after this hearing, and the kind of cooperation we get from the witnesses involved and their counsels, will be important in getting all that information that the public has a right to know.

Thank you for recognizing me and I'm looking forward to the testimony.

MR. TAUZIN: I thank the gentleman, and want to assure him that this is just the beginning of this investigation process, and this committee intends to remain -- with the Committee on Oversight and Investigations -- extraordinarily vigilant until all of the facts are known.

The chair will now recognize the gentleman from Florida, Mr. Stearns, for an opening statement.

MR. STEARNS: Thank you, Mr. Chairman. And I also commend you and Mr. Upton for having this hearing.

Florida, of course, is fourth in the number of crashes, yet accounts for most of the fatalities, according to the raw complaint data that's been collected by NHTSA.

You know, a question I have that perhaps is a little different than the question that some of the members have talked about, that I would like to address to Dr. Sue Bailey who is the administrator of the National Highway Traffic Safety Administration.

I looked over your testimony and I understand your screening process is quite involved. And you talk about how many cases come in and how many pieces of information cross your desk and so forth, but I find it hard to believe that a federal agency with millions of dollars at its disposal is topped by a line analysis and an engineer -- a lone researcher, my colleagues, with a part-time interest in cars -- a hobbyist, was able to come together and identify this statistical analysis and this danger and e-mailed it to NHTSA.

And I just can't understand, Mr. Chairman, how they, with all their millions of dollars can not -- at their disposal, why they couldn't find it before this lone researcher, a part-time person dealing with cars.

So I think that's one question that we'd like to hear from Dr. Bailey.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

And, you know, Mr. Chairman, I'm obviously concerned that the Honorable Slater, the secretary of the U.S. Department of Transportation, is not here, and I think you've made that point earlier. And even though Dr. Bailey is here, I think he should also be responsible and should show up here as a courtesy, because we sometimes ask him to come, and it's not often, so I think under the circumstances he should be here.

I think I share most of the sentiments that my colleagues have already expressed and I look forward to the hearing.

MR. TAUZIN: Thank you, my friend.

And I turn now to the gentleman from New York, Mr. Fossella, for an opening statement.

MR. FOSSELLA: Thank you, Mr. Chairman.

I'll be brief much as what I wanted to say has been said. But I think today the American people are just entitled to the truth. It appears that whoever is going to be testifying today -- while not questioning their motives, I think come to the table with not so clean hands.

People have died. I think the objective right now is for all of you to come to this table, wash your hands clean, and let us -- let the American people know what the truth is. Because the people I represent -- and I'm sure like everyone across the country -- want to know right now if they're putting their kids in the back of that car, are they getting into a death trap or not. They want to know the truth, and all I ask you is to give it to us.

I yield back.

MR. TAUZIN: I thank the gentleman.

The chair understands that there are no other members seeking recognition for opening statements. And the chair will call the first panel. The first panel will consist of the Honorable Rodney Slater, secretary of the U.S. Department of Transportation, who has been invited to attend, accompanied by Dr. Sue Bailey, administrator of the National Highway Traffic Safety Administration.

And like my friend, Mr. Upton, Ms. Bailey, let me express the chairman's extraordinary disappointment at your boss's failure to attend this hearing. I can't imagine a more important hearing that this subcommittee has held in my tenure as chairman. And I assume that Mr. Upton is of the same opinion. This is a life-or-death hearing involving safety issues on the highways of America. And I'm astounded that the secretary of transportation, who is in town today and who was twice requested, once by the committee and once by me personally in a letter just yesterday, and publicly over the airways, to attend this hearing could not find time to be with us today to help solve some of these issues.

MR. TAUZIN: I'm particularly concerned that he has, instead, invited you to take his place here today, when you are just new on the job, I think just three weeks. And we want to welcome you to this incredibly important job, and want to welcome your testimony today.

Before we begin that testimony, as previously announced, the chairman will swear all of the witnesses in as they appear, and I must take you through the process by which we do this.

Ms. Bailey, you are aware that this subcommittee is holding an investigative hearing, and when doing so, has had the practice of taking testimony under oath. Do you have any objections to testifying under oath?

MS. BAILEY: No.

MR. TAUZIN: The chair then advises you that, under the rules of the House and the rules of the committee, you are entitled to be advised by counsel. Do you desire to be advised by counsel during your testimony today?

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MS. BAILEY: No.

MR. TAUZIN: In that case, if you would please rise and raise your right hand, I will swear you in.

Do you swear that the testimony you're about to give is the truth, the whole truth and nothing but the truth?

MS. BAILEY: I do.

MR. TAUZIN: Then I thank you, Ms. Bailey. And you are now under oath. And you are recognized to give a five-minute summary of your written statement.

MS. BAILEY: Mr. Chairmen, and members of the committee, I am pleased to appear before you today to address the investigation in the recall of Firestone tires.

Secretary Slater refers to safety as the North Star of the Department of Transportation, and under his leadership, NHTSA is committed to preventing deaths and injuries in motor vehicle crashes.

I will give you a quick overview of the agency's authority to investigate defects and describe the procedures that the agency follows and outline the Firestone investigation.

First, our authority: Congress passed the basic motor vehicle safety law 34 years ago, in 1966. It amended the law in 1974 to establish the current notification and remedy provisions. In brief, the law provides that if a manufacturer decides that one of its products contains a defect, and that relates to motor vehicle safety, the manufacturer must notify the agency and owners and provide a remedy at no cost to the owners.

When the agency screening process identifies a possible safety defect, our Office of Defects Investigations takes steps to open an investigation as a preliminary evaluation. We inform the manufacturer and the public at this time.

If our review of the information at the end of a preliminary evaluation suggests that further evaluation is warranted, we move the investigation to a second stage, the engineering analysis; and we are in that stage today.

At this point, we conduct a more detailed analysis, including appropriate inspections, tests, surveys and additional information from the manufacturer. After the EA phase of the investigation, additional steps may ultimately lead the administrator to decide that a defect exists and to order the manufacturer to recall.

If necessary, the agency will then go to court to enforce that order.

Our investigation of Firestone has reached the EA stage, the engineering analysis phase. Firestone originally began producing the tires under investigation in 1991. By the end of '99, approximately 47 million had been produced. By that time NHTSA had received 46 reports, but they were scattered over nine years, about incidents involving these tires. The tires were on a variety of vehicles, primarily, though, on Ford Explorers.

In view of the large number of tires that had produced, and the variety of possible causes of tire failure, and the fact that all types of tires can fail, and do, in use, the reports we received did not warrant opening a defect investigation at that time.

Furthermore, the informal submission by State Farm in 1998 of 21 claims also were over a period of several years, almost eight years. And that also did not warrant, at that time, initiating an investigation.

The situation changed rapidly following the area -- airing of a news story by KHLU in Houston. That was on February the 7th, 2000. And that dramatized the question of the tire safety. In addition to highlighting two fatalities, the story alluded to a number of other crashes and fatalities.

Upon learning of the KHLU story, we contacted the station to obtain more details. They have not given us the information we requested. But the growing publicity generated other reports to us, including several provided by

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

other media outlets and by plaintiffs' attorneys as well. Over the next few weeks, we were able to verify many of these reports.

We opened a preliminary evaluation on May 2. At that time, the agency was aware of 90 complaints --, they had nearly doubled in that time -- including a report 33 crashes and four fatalities. Information continued to accumulate rapidly, as a result of the investigation and attendant publicity. By August 1, we had 193 complaints, alleging tread separations on these tires, with 21 reported fatalities.

In a meeting on August the 4th, we suggested that Firestone recall the tires.

MS. BAILEY: On August the 9th, Firestone announced it would recall 14.4 million tires.

As of August 31, we have had 1,400 complaints, with reports of 88 fatalities and 250 injuries.

NHTSA is continuing its investigation to determine whether additional tires need to be recalled. If we discover information that indicates a problem in any other tires, we will move promptly to urge Firestone to expand the recall. We are closely monitoring the recall to ensure that Ford and Firestone promptly replace all the defective tires.

Our review of the data from Firestone has already disclosed that other tire models and sizes of the tires under investigation have rates of tread separation as high, or higher, than the tires that Firestone is recalling. Therefore, on August 30, I recommended to Firestone that it expand its recall to include those tires. When Firestone declined to expand the recall, we felt it necessary to issue a consumer advisory on September 1 to advise owners of these tires so that they could take actions to assure their safety.

We now know that in September 1999, Ford asked Firestone to replace Wilderness tires mounted on Ford Explorers that had been sold in the states around the Arabian Gulf. Similar actions were taken in other countries as well.

Ford would have been required to notify NHTSA of such an action if it had occurred in the United States, but our regulations do not apply to actions taken outside of the United States. Ford, thus, had no obligation to advise NHTSA when it took these actions.

If we find that we need additional legislative authority to require manufacturers to provide, in the future, such information, we will seek to obtain it.

A number of claims and several lawsuits have been filed against Ford and Firestone before we became aware of any trend that indicated a potential defect. Our current regulations do not require the manufacturers to give us information about claims or litigation. We are also, therefore, exploring measures that would allow us to track claims and litigation information on a routine basis.

Mr. Chairman, I want to assure you that this investigation is the highest priority in NHTSA, and we will remain focused on the investigation and closely monitor the recall.

Thank you for holding this hearing, and I will be glad to answer any questions.

MR. TAUZIN: The chair thanks you, Dr. Bailey, and recognizes himself and other members in order for five minutes, under our rules.

Dr. Bailey, who made the decision in July of 1998 that the report submitted by the State Farm representative, Mr. Boyden, did not merit further review?

MS. BAILEY: That was part of the analysis that was done by that individual. Again, to put that into context...

MR. TAUZIN: What individual?

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MS. BAILEY: The individual that received the complaints...

MR. TAUZIN: Who was that individual?

MS. BAILEY: ... and I can provide that for record. I don't have the name, but I do know -- we are aware of the name and I could provide that for you.

MR. TAUZIN: So there was an individual who reviewed the memo from State Farm...

MS. BAILEY: Correct.

MR. TAUZIN: ... and made a decision that it did not warrant further review.

MS. BAILEY: Correct.

MR. TAUZIN: And you have the name of that individual but you don't have it with you. Does someone else have the name of that individual?

MS. BAILEY: I'll see if we can pull the memo for you right now. If not, we'll provide it for the record.

It is Steven Beretsky (ph).

MR. TAUZIN: I think you probably are going to need to supply that name to the clerk so we have it properly spelled.

Was a written decision rendered in that matter not to further review the report issued by State Farm to your office?

MS. BAILEY: There was a memo at the time, and I think that should also be placed in record. It was filed, it was analyzed, and there is a written report.

MR. TAUZIN: Do we have a copy of that memo and that written report?

MS. BAILEY: I believe you do, but we will place it in record if you do not.

MR. TAUZIN: We do not have that report and would request that you make it available to us.

MS. BAILEY: We'll provide that.

MR. TAUZIN: Does the agency have any records of the phone calls that Mr. Boyden will testify he placed to the agency in 1999?

MS. BAILEY: There is no record of those phone calls.

MR. TAUZIN: Had the agency decided to do something in regards to the memorandum that was sent to you in July of '98, what could the agency have done?

MS. BAILEY: They could have begun an initial assessment. I would like to put that into context, however, that over that six-year period, the population of tires produced was over 40 million. And so you can see, over those years, there were two or three per year in terms of the complaints.

MR. TAUZIN: I'm not asking whether it was a good decision or not. I'll leave that to the judgment of others. I'm asking, had you made a decision -- had your agency made a decision to proceed, to begin seeking information as to these claims that Firestone was obviously receiving for these tire failures, what could you have done?

MS. BAILEY: Begun an initial assessment.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. TAUZIN: An initial investigation could have started as early as July of '98 based upon that memo, had someone in your office decided it was worth checking.

MS. BAILEY: If there were a trend indicated by the data, we could have started an initial assessment.

MR. TAUZIN: You have the authority to do that today.

MS. BAILEY: Yes, sir.

MR. TAUZIN: And you could have done that in July of '98...

MS. BAILEY: Yes, sir.

MR. TAUZIN: ... had a different decision been made about Mr. Boyden's e-mail. Is that correct?

MS. BAILEY: That's correct.

MR. TAUZIN: I want to turn to the issue of testing. In our interviews with your officials -- apparently George Shadu (ph), division chief of the Office of Crash Avoidance -- we inquired as to whether or not NHTSA required testing of tires under speed conditions. We were told that there was an endurance test ordered at 50 miles an hour for 1,700 miles at 26 pounds per square inch, and then another test is the high-speed test, and that's order for 70, 75 and 80 miles, but only at 32 pounds per square inch.

MS. BAILEY: That's correct, and at 95 degrees.

MR. TAUZIN: That is, in effect, the agency orders testing at 32 pounds per square inch for speed testing, but not at 26 pounds per square inch. Why?

MS. BAILEY: That is the...

MR. TAUZIN: Why when Ford is instructing its customers to inflate its tires at 26, is the agency only ordering testing at 32?

MS. BAILEY: That's the current tire standard testing. And that is one of the things, clearly, that we need to review. And it's being updated at this time. In fact...

MR. TAUZIN: But in this case I want to get if for the...

MS. BAILEY: ... we have a proposal which will be out this spring.

MR. TAUZIN: Dr. Bailey, in this case, when these tires were produced for this car in 1990, there was no instructions, there was no standard, there was no requirement by NHTSA for either Ford or Firestone to test these tires under speed-test conditions at 26 pounds per square inch. Is that correct?

MS. BAILEY: There was a standard. And in fact they passed a endurance and a high-speed test in 1997. But you're correct about the pounds per square inch.

MR. TAUZIN: But it was at 32 pounds per square inch.

MS. BAILEY: Yes, sir. Exactly.

MR. TAUZIN: So there was at least -- and there is not today -- a requirement by NHTSA on these tire manufacturers or auto manufacturers to test the tires on their vehicles under real conditions at the pounds per square inch that they, in fact, were recommending to their customers, 26 pounds per square inch. Is that correct?

MS. BAILEY: At this time, there is not.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. TAUZIN: There is not. Is the agency moving to change that?

MS. BAILEY: Yes, sir, we are.

MR. TAUZIN: The chair's time is expired.

The gentleman from Massachusetts is recognized for five minutes.

MR. MARKEY: Thank you, Mr. Chairman, very much.

I begin by asking unanimous consent to include in the record two charts. The first outlines NHTSA's overall funding and shows an inflation-adjusted 35 percent decrease in their budget since 1980.

The second chart shows the funding for the defects investigations program of NHTSA, which received \$2.2 million in 1980, and even though the request in the year 2000 from the administration was \$3.7 million, this Congress only provided \$2.6 million for that program. So again, adjustment for inflation, there has actually been a decrease in that program as well, notwithstanding the numbers, Mr. Chairman, which you earlier indicated...

MR. TAUZIN: Without objection, the gentleman's charts are admitted into the record.

MR. MARKEY: I thank you, Mr. Chairman, very much.

And, again, even looking at that area, the area that deals with tires, that particular unit of NHTSA may not have uncovered a defect, as Firestone has yet to identify a defect again, only a high rate of claims against its tires. It's the overall agency funding that we should be looking at to make sure they have the resources to look at every problem.

And let me ask you, Ms. Bailey, the SUVs have perhaps different variables to bear upon tires than the smaller economy cars do. They are advertised as off-the-road vehicles -- driving up mountains, over fields, through the streams. These ads make these vehicles seem as though you can take them anywhere. On highways, the SUVs have been noted to have a proclivity to roll over.

My question is, are we testing these tires for the right conditions? Does NHTSA need to subject these tires to a different, more rigorous standard because they are intended for SUVs and are advertised for use beyond that which an ordinary automobile would be used?

MS. BAILEY: I would agree with that, and, in fact, we have begun work on the updating of the tire standards. We're going to have a proposal out in the spring. And, interestingly, we've asked for suggestions from the manufacturers themselves, which I think would address that issue, and they are to be in in October of this year.

MR. MARKEY: Have your tire standard tests changed since 1968?

MS. BAILEY: The tire standards clearly need updating. They originally started 30 years ago, and we have not had an update, to my knowledge, since 1968.

MR. MARKEY: So the test which we're using today is still a 32- year-old test, even though SUVs are advertised for use off the road and ultimately, when they come back onto the road, may have been subjected to conditions that ordinary tires would not have been.

MS. BAILEY: Exactly. And that's part of why we would want to update these standards.

MR. MARKEY: I think the driving public in America deserves a new test.

NHTSA has proposed a rollover test and a reporting requirement on rollovers. Do you agree that the results of such testing should be made available to consumers so that it is in their hands at the showroom?

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MS. BAILEY: I believe that we should have a rolling rate over -- a rollover rating system that would be available to consumers, yes.

MR. MARKEY: So right now the information is available perhaps at NHTSA in its files, or in the showroom with the automobile dealer, but the consumer does not have access to it. Will...

MS. BAILEY: That is the case.

MR. MARKEY: Will NHTSA ensure that from now on consumers can see it at the showroom so that they can know what the safety record is?

MS. BAILEY: Well, currently, as part of the budget, we are blocked. While there is a study of the rollover rating system, I would like to see that aside and be allowed to move ahead with a rating system that would be available to the consumer.

MR. MARKEY: I think that every family purchasing one of these vehicles should know what the danger is and it shouldn't be some hide- and-seek game with the automobile manufacturer or dealer that requires them to be trying to intrude into the private dealings of the automobile salesman at the same time they may be trying to get a discount in the price.

MS. BAILEY: Exactly.

MR. MARKEY: I think it puts the consumer in a very disadvantageous position.

And finally, Ms. Bailey, the Venezuelan consumer protection agency has recommended bringing criminal charges against Firestone and Ford. Are you in touch with your counterparts in Venezuela?

MS. BAILEY: Could I just back up one moment and be sure that we have for the record that the Senate included in its version of the FY 2001 DOT appropriation bill language that actually prohibits us from establishing a rollover rating system? So, again, I would -- I would appeal to the Senate, in the interest of the seriousness of the work we're doing here today, to set that aside so that we can do that rating system. I just want to be clear about that.

MR. MARKEY: I don't think that there's a more important public safety issue than reversing what the Senate has already done in trying to prohibit you from ensuring that all consumers know what the danger is in driving these SUVs.

On to the Venezuela question.

MS. BAILEY: Venezuela. We have not been in direct contact with Venezuela. We have been in contact with many of the other countries, through the embassies and through our safety counterparts, to obtain information about the replacements or, quote/unquote, "recalls" that were done in other countries.

MR. MARKEY: Do they have documents from American companies which you do not have?

MS. BAILEY: Do they-- do the...

MR. MARKEY: The Venezuelan authorities, other foreign authorities?

MS. BAILEY: I'm not aware of that.

MR. TAUZIN: The gentleman's time has expired.

The chair recognizes the chairman of the Subcommittee on Oversight and Investigations, Mr. Upton.

MR. UPTON: Thank you, Mr. Chairman.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

Ms. Bailey, thank you for being with us this afternoon. Do you believe that NHTSA has the appropriate authority to receive information from tire manufacturers or do you need more? Do you feel that you have it?

MS. BAILEY: We have authority to receive information from manufacturers and are doing so as part of our investigation. That authority may not extend -- does not extend, as you know, to incidents that occur in other countries.

MR. UPTON: That's right. But for -- at least for domestic use you believe that you've got the -- the pipelines are open and you're getting the information that you need?

MS. BAILEY: Well, I would add one other thing. That is that I think, clearly, if we had had information about some of the claims, that at this point we do not have the authority to obtain, that could have been beneficial in this case.

MR. UPTON: I raise that because in your testimony, and I quote, you said, "As of May 2, at that time the agency was aware of 90 complaints, including reports of 33 crashes and four fatalities." Yet on the chart with Firestone alone in '99, it's not 90 complaints, it's 772 complaints.

MS. BAILEY: And that's because those are claims versus the complaints that we get. So that information is what I'm referring to when I say we do need to look at our ability to collect data from the manufacturer in regard to claims so that we can -- we would be looking through our -- expanding our current regulatory capability, but if need be then we would also be looking at other ways in which we could obtain the data that you see there.

MR. UPTON: Now, in a Washington Post story that ran a couple weeks ago, Ken Weinstein (ph), your associate administrator for safety assurance, says -- and this is not in quotes, but the story reads, "As part of its investigation, the agency has requested information from Goodyear Tire and Rubber on similar tires." Have you received that information in the couple weeks that you've asked for it?

MS. BAILEY: My colleagues tell me it is due September 15. I know it's been requested, that's an essential part of our investigation, to look at comparable or peer material.

MR. UPTON: Are you looking at beyond Goodyear, as well, or just Goodyear?

MS. BAILEY: The only request we have at this time is for Goodyear.

MR. UPTON: Would you be able to furnish the committee their response when you receive it?

MS. BAILEY: Yes, sir, we would.

MR. UPTON: The -- it is my understanding that there is the FARS, Fatality Accident Reporting System, that contains all vehicle-related fatalities as reported by law enforcement as required by law, and at the end of '98, that database contained 29 fatalities from accidents in a Ford Explorer fitted with Firestone ATX, ATX-2, or Wilderness tires.

I'm a little bit surprised that, with all the attention that has been focused on this issue over the last number of months, that the 1999 database is not yet available; it's only through 1998.

MS. BAILEY: It should be available...

MR. UPTON: We're almost in fiscal year 2001.

MS. BAILEY: It should be available within the next two weeks.

MR. UPTON: Do you think that will be helpful in determining whether or not there has been some problems with the tires?

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MS. BAILEY: I think that information is very helpful, but it is more helpful for the purposes of the defects investigation that we are -- have undertaken, that we look at the other ways in which the database can be expanded.

MR. UPTON: In looking at some testimony that was before this subcommittee, or committee back in the '70s with regard to the Firestone 500 tire recall...

MS. BAILEY: Yes.

MR. UPTON: ... it was noted in that testimony by then -- I think it was Chairman Moss, that as part of the investigation, it directed a number of inquiries to Firestone. Firestone filed objections to releasing that information. In fact, in the conclusion, it indicated that Congress should -- NHTSA may exercise full subpoena power to obtain and retain documents and information it requires to determine whether safety defects exist.

I was not eligible to run for Congress when this happened. But it involved, again, the Decatur facility. Did -- has NHTSA -- despite all these testimony 20 some years ago, has NHTSA had follow-through with the Decatur facility over the last 20 years at all?

MS. BAILEY: To my knowledge it has not been focused on Decatur, no.

MR. UPTON: The last thing, I guess, before my time expires: There's been a real difference between the warranty claims with the tires as well as the number of deaths associated with the accidents. How is it that we can do a better job at getting NHTSA to get both claims and warranty -- both accidents as well as claims reported routinely to NHTSA as you look at future recalls, or future incidents of problems?

MS. BAILEY: Well we feel that we may have, within our current statutory authority, the ability to expand so that we are able to obtain the claims that would be helpful. We're going to explore that. Obviously, that's the major issue for us.

MR. UPTON: My time's expired.

MR. TAUZIN: Thank the gentleman.

The chair now recognizes for his five minutes the ranking minority member of the full committee, Mr. Dingell.

MR. DINGELL: Mr. Chairman, I thank you. You are very gracious.

Your statement says that Ford had no obligation to inform NHTSA of the recall in Saudi Arabia and other countries last year. Am I correct in assuming that NHTSA believes manufacturers should be required to notify NHTSA of foreign recalls?

MS. BAILEY: There was no obligation for them to do so in the past. But at this time, I think it's worth exploring -- clearly worth exploring what we can do in a global marketplace to exchange valuable information about safety.

MR. DINGELL: Do you plan to request new authority to accomplish this purpose?

MS. BAILEY: I plan to explore what is within our current capability, and, yes, additional statutory remedy, if need be.

MR. DINGELL: Now, did NHTSA every upgrade Motor Vehicle Safety Standard number 109, as the committee report suggested back in 1978?

MS. BAILEY: The answer is no.

MR. DINGELL: Could you tell us why NHTSA did not upgrade that standard?

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MS. BAILEY: The FMVSS-109 was last amended in July of '99 to require a four-digit date code, instead of the original three-digit date code. The four-digit date code indicates the week of the year of the production of the first two digits -- in the first two digits, and the year of production in the last two.

For example, the date code 4599 indicates that the tires were produced in the 45th week of 1999.

Several minor amendments, such as labeling requirements, have been made to the standard over the years.

MR. DINGELL: Now -- but why did you not upgrade that standard? Could you submit that?

MS. BAILEY: I can submit that for the record. I don't have an answer, sir.

MR. DINGELL: All right.

Now, NHTSA's tire safety standards has not been revised since when?

MS. BAILEY: 1968.

MR. DINGELL: Can you explain to us whether NHTSA is considering upgrading that standard at this time?

MS. BAILEY: We are clearly considering upgrading the standard, and have begun the process. We will have a proposal out in the spring. But I -- but that's where it currently stands.

Given the situation, I will be looking to expedite that sooner.

MR. DINGELL: All right.

Now, NHTSA is trying to cope with a much larger and more complex regulatory burden than it had in '78. But your budget now is approximately one-third of that which you had at that time; is that correct?

MS. BAILEY: That's correct.

MR. DINGELL: Now, how is that affecting the ability of NHTSA to carry out its responsibilities?

MS. BAILEY: I do not believe it has affected our ability to carry out this investigation. However, up to this point, I think what we had here...

(CROSSTALK)

MR. DINGELL: But you are having significant problems, are you not, in terms of addressing all the concerns you might have?

For example, you're able to investigate the matters with regard to the Firestone tires, at this time. Are you able, however, to catch these things early enough?

Remember this thing has been going on for approximately two and a half or three years. So am I fair in inferring that it has, in fact, impacted the ability of NHTSA to address questions of this kind?

MS. BAILEY: I think the regulatory authority to obtain data on a worldwide basis, for instance, or to obtain claims data, has affected our ability to identify the need for an investigation in this case, earlier.

MR. DINGELL: And your problems...

(CROSSTALK)

MS. BAILEY: But it was not necessarily the funding.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. DINGELL: And your problems with inadequate funding have compounded this problem, have they not?

MS. BAILEY: Clearly, funding is an issue when you are working in a -- in an administration with this kind of responsibility. We want to be adequately funded.

And, again, that is why we are looking for that million dollars difference between -- in this year's budget, so that we are adequately funded in the Office of Defects Investigation.

MR. DINGELL: Am I fair then, in inferring that you're telling me you have adequate monies to carry forward all of your responsibilities, or that you do not?

MS. BAILEY: Well, there is a proposal before Congress today, the president's budget is asking for, again, a million dollars above what -- an additional million dollars so that we can carry out our mission. And so, I'm hoping that we would be funded at that level.

MR. DINGELL: Thank you. Thank you, Mr. Chairman.

MR. TAUZIN: I thank the gentleman.

Before I recognize the chairman of the full committee, I would ask unanimous consent of the committee to have some time out of order to correct the record. Without objections.

Dr. Bailey, in answer to questions I asked you relative to the memo -- the e-mail that was received by NHTSA in July of 1998, you indicated that an analysis was done and a memo was prepared indicating that it did not deserve or require further attention or action.

MR. TAUZIN: I am told -- I think you're being informed of it now -- that that was an incorrect statement, that there was no such memo prepared, no written analysis done in 1998, that there was something done in August of 2000. Would you like to correct the record since you are under oath?

MS. BAILEY: Exactly. Apparently -- and I have read that memo, but the memo that I read was created in August of 2000...

MR. TAUZIN: So the only memo...

MS. BAILEY: There was an analysis done by that individual whose name I gave you, but apparently no written report at that time.

MR. TAUZIN: Ms. Bailey, I would ask you to perhaps consult with, again, representatives of your office. We received very different testimony in interviews with the gentleman in question.

I will be specific. The gentleman in question informed our investigators that he did not recall receiving the e-mail nor doing an analysis of it. Is that correct or incorrect?

MS. BAILEY: You're saying that Mr. Beretsky (ph) says that he did not receive an e-mail?

MR. TAUZIN: He did not recall receiving an e-mail nor recall doing any analysis nor memos on it.

Would you consult again? I realize you've been on the job for three weeks and we've got a problem here.

MS. BAILEY: Apparently -- I've read a memo that discusses in detail what the claim said, which is what led me to believe that that memo -- the internal memo -- led me to report to you the internal memo in which it says "It was noticed," and I saw the memo and I saw the statistics, so I know it came in, the e-mail.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

I've seen the e-mail. Apparently you're correct that Mr. Beretsky (ph) says he does not recall it and that he is reconstructing now -- we are reconstructing the series of events.

I was not aware that he had said that he did not recall it. I only had the opportunity to read the memo which, again, has the statistics and says they noticed the claims.

MR. TAUZIN: So that we have the record correct and complete, information we have is that there was no written memo, no written analysis done in 1998, of the State Farm insurance memo from Mr. Boyden; that a memo was constructed in August of 2000, just last month, by someone in your agency trying to reconstruct the situation. That is the memo you referred to. There is no such memo of '98; is that correct?

MS. BAILEY: There's not one in '98. The part that I would like to reinvestigate is the memo that I read which had the statistics and reported the complaints. We do have that, but apparently that's a reconstruction, too.

MR. TAUZIN: That's a reconstruction memo.

MS. BAILEY: Yes.

MR. TAUZIN: So that, as far as we know, the e-mail that was received by your agency was placed in a file, and as far as we know, and as far as Mr. Beretsky (ph) could tell us, there was no recollection of even receiving it, much less analyzing it; is that correct?

MS. BAILEY: Apparently; yes, sir.

MR. TAUZIN: I thank the gentlelady.

The chair now recognizes the gentleman from Virginia.

MR. BOUCHER: I have no questions at this time, Mr. Chairman.

MR. TAUZIN: The chair will then move to recognize the gentleman from Michigan, Mr. Stupak.

MR. STUPAK: Thank you, Mr. Chairman.

Dr. Bailey, NHTSA does not have standards for tire strength for steel-belted radial tires; correct?

Over here, over here. I know there's a lot of us from Michigan, but -- you don't have any standards for steel-belted radial tires; correct?

MS. BAILEY: There is not a separate standard.

MR. STUPAK: Right. The last standard was 1968

MS. BAILEY: Correct.

MR. STUPAK: All right.

So when you speak of endurance tests, high-speed tests at 95 degrees, what standard is that based upon? Whose standard is that to give a tire your approval?

MS. BAILEY: That was based on the original testing that was of standards for testing from 1968, and...

MR. STUPAK: So when we do a testing as to the endurance of a tire, any tire, it's based upon a 1968 standard; is that what you're testifying?

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MS. BAILEY: Exactly. It's a -- I mean, I can tell you what it is, it's between 75 and 85 miles an hour, it's at 95 degrees, it's at 32 pounds per square inch, and it's with a load of 80 percent -- 88 percent of the maximum load. But, yes, it's a 1968 standard and clearly needs to be updated.

MR. STUPAK: But yet, in 1978, after a lengthy investigation by this committee, on tread separations on those Firestone 500 tires, the committee concluded that the standard for passenger tires was inadequate to protect public safety. The standard was adopted in '68, as I said. Did NHTSA ever upgrade the standard, as the committee suggested in 1978?

MS. BAILEY: It's my understanding that there was a proposal to upgrade at that time, and that when there were cutbacks in the 1980s that that was withdrawn.

MR. STUPAK: OK.

In 1978 -- I'm not trying to beat a dead horse here -- but in 1978, the Society of Automotive Engineers adopted a paper that concluded that 27 percent of the vehicles they studied had tires that were under inflated by four to 16 pounds per square inch. That was a major safety issue. Is that still true today?

MS. BAILEY: I would need to provide that for the record. I'm not -- I'm not aware -- I could not answer that definitively.

MR. STUPAK: OK.

In 1978, after receiving that report from the Society of Automotive Engineers, NHTSA said it was going to require a low-pressure -- excuse me, require a tire low-pressure warning system on vehicles.

MS. BAILEY: Yes.

MR. STUPAK: Do you know what happened to that initiative?

MS. BAILEY: My understanding is that that proposal again was set aside with the cutbacks in the '80s.

MR. STUPAK: OK.

If the recommended tire pressure means that the tire will not perform to its tire speed rating, does NHTSA or any other government agency have the authority to take action, in other words, order a recall?

MS. BAILEY: In order to order a recall, you need to go through -- to order one, a mandatory recall, you would have not need to gone through a complete investigation. It would not be from failure of one tire standard test.

MR. STUPAK: OK.

But if the recommended tire pressure means that the tire will not perform to tire speed rating -- that's the standard set, the tire speed rating that they give to this tire. If it's not performing to that standard, what authority do you have then -- NHTSA or any other government agency -- to recall that tire?

What I'm driving at is how do we get these things off the road if they're not meeting the standards?

MS. BAILEY: Well, the answer I gave earlier is the correct one, but I think the important thing here is that you're absolutely right. The standards are not appropriate -- the tire testing standards. They are not long enough in endurance, they are not at the right pressure per square inch, they're not at the right temperature so that we would have identified problems with these particular tires, because, in fact, they passed in 1997. So we need to update the tire standard itself.

MR. STUPAK: OK.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

In response to a question from the chairman, Mr. Tauzin, you said the speed test was at 95 degrees, 32 pounds per square inch. That is the current standard. And that passed the endurance and speed test at 32 psi, but not the recommended 26 psi.

The 26 psi would make it six pounds under your recommended standard. So then going back to your automotive safety engineers' report in 1978, that would be a major -- to use their words -- a major safety issue, would it not?

MS. BAILEY: Your question is, if they passed the test as it was set up?

MR. STUPAK: At 32 pounds.

MS. BAILEY: Right.

MR. STUPAK: OK, and then that's what you said in the response to Mr. Tauzin's questions; they passed the endurance and speed tests at 32 pounds. (inaudible) recommended 26 pounds. That's six-pound difference there in a tire. And according to the Society of Automotive Engineers paper which conclude that 27 percent of the vehicles they studied had tires that were under-inflated by four to 16 psi, and that this is a major safety issue. So running these tires that were tested at 32, the recommendation it's at 26, would you agree then that would be a safety issue?

MS. BAILEY: There are two issues here. Yes, it would be a safety issue. And that is an education aspect to maintaining appropriate PSI in your tires.

The second point would be that the 26 is what is recommended; my understanding of the Ford Explorer but not what the Firestone recommendation is. And we would have been testing the tires according to the Firestone recommendation.

MR. STUPAK: Wouldn't you be testing it not at the Firestone, but at your recommendation, which was 32?

MS. BAILEY: At 32, but you're saying that they were at 26. And that's the Explorer recommended PSI.

MR. STUPAK: Correct, correct.

MR. TAUZIN: The gentleman's time has expired.

Does the gentlelady wishes to respond further?

MS. BAILEY: Can I add one thing?

MR. TAUZIN: Yes.

MS. BAILEY: Apparently the endurance test itself is at 26 and not at 32. So...

MR. TAUZIN: But if the gentleman will yield, the high-speed test is not at 26, it's at 32.

MR. STUPAK: Thirty-two.

MS. BAILEY: Exactly.

MR. TAUZIN All right. The gentleman's time is expired. The chair recognizes the gentleman from Ohio, Mr. Oxley, for five minutes.

MR. OXLEY: Thank you, Mr. Chairman.

Ms. Bailey, one of the problems seems to be how connections are made. Or at least, I need to understand that especially when we're dealing with large databases.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

How does NHTSA frame information requests so that it receives meaningful information and doesn't squander time on large amounts of information that have no particular bearing on the inquiry? How are you able to focus the information, given the large database and apparently information coming from other quarters? How are you able to focus in on your information requests so that you really get at the issue at hand? Do you have a policy or is that a seat-of-the-pants operation?

MS. BAILEY: The vast majority of our information comes from consumer reports. And there is a form that is filled out. You can obtain that on the web page, which is taken directly through our auto hotline. And so all the information is filled out in a way that is appropriate for our database.

MR. OXLEY: The -- in this case, it seems that pieces of the puzzle were scattered among industry and agency databases. Is there something wrong in NHTSA's structure and process that discourages information sharing? Do we put ourselves in a situation so that it's more adversarial than perhaps needs be, and tends to discourage sharing of that kind of information?

MS. BAILEY: I do not believe there's an adversarial quality to our information-obtaining capability.

MR. OXLEY: But the whole structure...

MS. BAILEY: What we're missing is again global information in the worldwide marketplace. We're missing information about claims. And those are the two that we're going to be very focused on obtaining in the future.

MR. OXLEY: And what are your plans, then, to upgrade that database or upgrade your ability to get that information sooner rather than later?

MS. BAILEY: It's really a regulatory question. Our ability, our authority to expand information acquisition, for instance, outside of the United States.

MR. OXLEY: Do you have that authority now?

MS. BAILEY: We feel we have, within our regulatory capability, that authority, but if we are -- if we indeed need statutory remedy, we will seek that.

MR. STUPAK: And so you're not prepared at this point to say whether that needs a statutory remedy or not?

MS. BAILEY: Not at this time.

MR. STUPAK: What have NHTSA's priorities been in recent years: on the bread-and-butter auto safety issues or new programs? Can you tell me how many new programs NHTSA's undertaken over the last few years?

MS. BAILEY: Well, the mission is to reduce injury and save lives and lower health care and other costs.

Clearly, I think, there have been real advances because we have the safest highways we've had ever in the nation's history.

At the same time, yes, there are many new programs, some of which you know about -- our buckle-up program, our reducing drinking and driving, and a myriad of other programs that we would be happy to provide for the record.

MR. STUPAK: And you don't feel that the emphasis on new programs has any way detracted from your ability to deal with the issues that we're talking about today?

MS. BAILEY: No, sir, I do not.

MR. STUPAK: And in your funding requests over the years, the statistics would indicate that the appropriate part of your agency that deals with recalls and the like have been increased by some 50 percent; is that correct?

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MS. BAILEY: The funding?

MR. STUPAK: Yes, for that particular...

MS. BAILEY: It depends on whether you -- that's in real dollars or not.

MR. STUPAK: What is the staff of the division that handles the recalls in that particular area?

MS. BAILEY: Our staff is about 50 -- 47, in fact.

MR. STUPAK: Forty-seven people?

MS. BAILEY: Yes.

MR. STUPAK: And do you think -- are you in a position to say whether, in fact, that number is adequate or inadequate at this particular time?

MS. BAILEY: I think we clearly need to, as we have done during this investigation, look at ways that we can increase our ability to meet our mission. We have reassigned staff and reallocated resources to cope with the intensity of this investigation, which is our highest priority and which we're looking to expedite.

So clearly, funding is an issue for us, and we're hoping that we will be funded appropriately by the Congress.

MR. STUPAK: So you don't think that 47 people are in a position to handle this kind of an issue and deal with a recall of this magnitude?

MS. BAILEY: I think we are at this point, but I believe we are going to need additional resources in the future to continue to deal with more vehicles on the road, complex technology, on issues like we're dealing with here today.

MR. TAUZIN: The gentleman's time has expired.

MR. STUPAK: Thank you, Mr. Chairman.

MR. TAUZIN: The chair, at this point, would request unanimous consent for the documents contained in these two books -- book one and book two, which had been agreed upon by both sides -- would be submitted into the record, subject to review by staff from both sides for confidentiality.

Is there any objection? Without objection, so ordered.

Secondly, before we move on, I wanted, for public information -- and Ms. Bailey, I think we ought to take a moment to do this -- indicate that, at the Ford web site, consumers can obtain information on the tires that are subject to the recall that you have encouraged Firestone to conduct and which they're currently conducting.

And that information not only contains information about what is on your tire, which of the tires that are -- may be on your vehicle are, in fact, subject to recall and therefore replaceable under the recall.

And I would encourage consumers who are tuning in to this hearing to take advantage of both contacts to your office or the Ford web site. I'm sure the Firestone web site has similar information. If consumers will contact your office or these web sites, they can obtain this information.

This is the information I used to go down and look at my Ford Explorer and determine that the four tires on my truck are, in fact, recallable. And I'm currently waiting, by the way, to find some replacement tires, if anybody's listening.

(LAUGHTER)

The chair will now recognize the gentleman from Tennessee, Mr. Gordon.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. GORDON: Dr. Bailey, welcome to your new position and welcome to the committee and welcome to prime time.

MS. BAILEY: Thank you.

MR. GORDON: You had mentioned earlier that your agency has established some new programs like trying to reduce drinking and driving and trying to increase people -- or awareness of buckling up.

MR. BRYANT: How many lives have you estimated that has saved your efforts -- your office efforts?

MS. BAILEY: Ten thousand last year, alone.

MR. BRYANT: Well, that's to be commended.

Let me -- I want to follow a line of questioning that I mentioned earlier. As I understand it, quality assurance used to be a, sort of, hodge-podge of different approaches between the manufacturer and their component -- or part-makers. And basically it was an end-result type of approach. Then over the years there was evolved something called the QS-9000 Quality Assistance Program, which changed the focus so that you would try to control the quality through the manufacturing process all along the way.

And, as I understand it, both Ford and Bridgestone/Firestone, are saying that this is a good program, and that there has been adequate monitoring of this. And reviewing that, they really can't find out what the problem is, yet, over here you have an enormous recall. So we've got -- you know, somewhere we have a, sort of, that black hole in between.

Are you familiar with the QS-9000 Quality Assurance Program?

MS. BAILEY: It is used extensively in the manufacturing industry; I'm aware of that.

MR. BRYANT: Do you have an opinion as to whether it is adequate, or whether there needs to be changes?

MS. BAILEY: I would need to look into the program. I think there are many manufacturing plants that certified as QS-9000, and I can't -- I don't have a comparison as to whether or not that's reasonably certified.

MR. BRYANT: Well, let me ask you this, too. If there are to be changes, do you have an opinion as to whether that should just be an industry...

MS. BAILEY: Yes.

MR. BRYANT: ...program that percolates up from the industry, or whether there needs to be some type of coordination with your agency? And if so, at what level?

MS. BAILEY: Yes, I would agree that I think shared responsibility here is what we're talking about today. And so, yes, I believe that not only should it remain within the manufacturing industry, but that clearly there could be government involvement as well, so that we create the best quality assurance program.

MR. BRYANT: And as we try to look to the future in determining how can we avoid these type of problems in the future, again, do you have advice as to a role that Congress should play in that, if any, and a role that your agency should play? And I say expanded from what occurs now.

MS. BAILEY: Well, I think what we've identified, and I've spoken to here, is that there are two areas that clearly there was information where there was information not made available to NHTSA.

So I think that we may be needing to work with Congress to look for that kind of statutory remedy. If we're not able, within our own regulations, to quickly begin to obtain that data from around the world, or about claims, and there

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

may be other more creative ways that we can continue to obtain data that might allow us to identify these problems sooner: from garages, from fleet -- from the fleet industry, and from plaintiffs' attorneys, you know, wherever we can get information.

I think it's important to remember that the consumers need to communicate with NHTSA. The majority of our complaints come from the consumer. And, in fact, there was information out there in the public domain. Individuals knew they had a problem, and they were not necessarily contacting NHTSA. So I would like that message out today that we have an 888 number, which is dash.DOT. We'd like people to communicate with us. And we need, perhaps, to inform people better about that, because that's where we get most of our information.

But clearly, those other two areas are important; an information exchange between the government and the manufacturers themselves. There clearly was a breakdown in communication here.

MR. TAUZIN: Gentleman's time has expired.

MR. TAUZIN: The chair now recognizes the gentleman from Iowa, Mr. Ganske, for five minutes.

MR. GANSKE: Thanks, Mr. Chairman.

Ms. Slater (sic), I pointed out in my opening statements that charts by both the Ford Motor Company and Bridgestone/Firestone indicate that there appears to be a statistically significant difference in where these defective tires were manufactured, and that a high percentage of them were manufactured at one plant, the Decatur plant. Would you agree with that?

MS. BAILEY: Yes, sir.

MR. GANSKE: Can you speculate some of the factors that you think might have caused one plant to have manufactured a large percentage of the defective tires?

MS. BAILEY: I wouldn't want to speculate, because we are in the process of an ongoing investigation and it would be inappropriate for me to do so.

MR. GANSKE: Well, what are some of the things you would be looking for?

MS. BAILEY: Well...

MR. GANSKE: Defective materials?

MS. BAILEY: Defective materials.

MR. GANSKE: Over a two-year period?

MS. BAILEY: Other manufacturing questions. It's a complex process: it involves molds, it involves personnel, human error. There are a variety of ways in which we would be, particularly through the engineering analysis now, trying to determine what has happened here, if indeed there is a defect, and to provide that information.

MR. GANSKE: Are you sending investigators to that plant to interview employees and management?

MS. BAILEY: Not to my knowledge.

MR. GANSKE: Why not?

MS. BAILEY: Well, I think that clearly is a question that we should consider. I know that Ford and...

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. GANSKE: I can't believe that you haven't thought of that. I mean, you know, the way those tires are put together is a factor in possible cause of their blowing apart, isn't it?

MS. BAILEY: For one thing, the phase we're in now is the engineering analysis, where there would be a mechanism to allow us to do that, and we've only been in that phase for a period of days. The initial phase is the preliminary evaluation in which we obtain information and analyze the data, so it may be during the engineering analytic phase that those kinds of activities are set, and I would investigate that and get back to you about that.

MR. GANSKE: OK. Well, let me ask you about the engineering phase. Who has the tires that have been recalled?

MS. BAILEY: Firestone has those tires.

MR. GANSKE: Do you have a random sample of those tires?

MS. BAILEY: We would be obtaining, yes, samples of those tires to test.

MR. GANSKE: Have you obtained samples of those tires?

MS. BAILEY: Yes, we have.

MR. GANSKE: How many tires have you obtained?

MS. BAILEY: I could provide that for you. I don't have the number.

MR. GANSKE: And how do you know that they're a random sample?

MS. BAILEY: I would provide you with details of the engineering analysis that would give you that kind of specific subject matter information.

MR. GANSKE: OK. Let's talk about the engineering analysis. Are you doing that in-house? Do you have the expertise at NHTSA to do in-house analysis?

MS. BAILEY: Yes.

MR. GANSKE: So that the analysis that will come out will be NHTSA's analysis...

MS. BAILEY: Correct.

MR. GANSKE: ... not an analysis by Ford and not an analysis by Bridgestone.

MS. BAILEY: Correct.

MR. GANSKE: When do you think that you will -- when do you expect to have that analysis completed?

MS. BAILEY: The engineering and analytic phase generally is completed within a year. We have just begun that phase. Generally speaking, an entire investigation takes about 16 months, four months for the preliminary evaluation and then as much as 12 months for the engineering analytic phase. I would, obviously, like to see that expedited rapidly, but as we did last week, if there's information that tells us that we would want to recommend a widened recall, if there are additional tires out there that are dangerous, we will take action to instigate that recall, and if need be, as we did last week, do a consumer advisory to inform the American public.

MR. GANSKE: Do you have access to the records of the tires that are being replaced and their serial numbers?

MS. BAILEY: Yes.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. GANSKE: So then when you ask for a sample, do you just select certain dates and times of those tires that are being replaced...

MS. BAILEY: That's information that's been requested...

MR. GANSKE: ... so you know that you get a random sample?

MS. BAILEY: That's information that's been requested and is part of the ongoing investigation now.

MR. TAUZIN: The gentleman's time has expired.

MR. GANSKE: I thank you, Mr. Chairman.

MR. TAUZIN: I thank the gentleman.

The chair recognizes the gentleman from Ohio, Mr. Sawyer, for a round of questions.

MR. SAWYER: Thank you very much, Mr. Chairman.

And thank you, Dr. Bailey. You are being asked to respond from a very narrow base of actual experience to a very broad base of concern that's reflected here on this committee.

Let me ask you a more general question. When an event like a tread separation occurs that precipitates a claim, does that qualify as a defect that must be reported?

MS. BAILEY: You would certainly look at the numbers of tread separations, but, yes...

MR. SAWYER: I'm trying to get a sense of...

MS. BAILEY: ... yes, that could constitute a defect.

MR. SAWYER: ... of a claim versus an adjustment and the reason for which the adjustment is being made.

MS. BAILEY: Let me say that a manufacturer is obligated to report a known -- a believed defect. There is a law that states within five days they would have to report that to NHTSA. Determining when you have a defect is a more complex question.

MR. SAWYER: Yes, and that's the reason I'm asking what constitutes the point at which a claim or an adjustment constitutes a defect per se?

MS. BAILEY: At times it may be not a large number of claims, it may be a smaller number of claims. For instance -- and now, there's a difference between the manufacturer determining that they have a defect and notifying NHTSA and our determining that there's a defect.

We are investigating and we will go to the end of an investigation before we determine for certain that there is a defect.

MR. SAWYER: I agree that that's a complex question. And it's one that goes to the heart of what is a useful early warning system for NHTSA to be able to respond to a pattern of events.

MS. BAILEY: Let me just say about tires in general, because I think it's important that we put it in perspective. Tires do fail. If you run your tires for 40,000 miles, there's a certain expected failure rate.

It's been asked why, at times, there may only be one complaint or several complaints and we initiate an investigation. That is because there are aspects of motor vehicles which should never fail, such as the seat belt. You may know about Chrysler, for instance, in 1996. One failure is too many. A child's safety seat -- there may be

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

one or two failures and that's enough to instigate an investigation because that part of an automobile should never fail. Tires, on the other hand, do fail.

So putting this into perspective, there's a certain expected rate of failure. So that's part of why it is a more complex question.

MR. SAWYER: And tires wear out, they age...

MS. BAILEY: Exactly.

MR. SAWYER: ... and they come to the end of their life.

In the 1988, '89 Michelin investigation, I'm told by several manufacturers that there was a threshold established at a 0.5 percent failure rate that was used to trigger an expectation of reporting. Is that accurate?

MS. BAILEY: Most of that information is held confidential -- correct? -- by manufacturers -- tire failure rate, that's a different question.

MR. SAWYER: Well, in the end, I return back to the recall that you've initiated this past week with the -- with the Baha 32X11 15. It had a single failure. I assume that, given the universe that you are dealing in, that was a -- that single failure was a high rate, but that it was due to a puncture.

I'm trying to get at the question of whether or not we're getting the kind of information that will let us focus in on statistically significant numbers so we can get at real catastrophic risks that may be out there instead of getting lost in a blizzard of data that doesn't lead us particularly anywhere.

MS. BAILEY: Let me again put it in perspective, that we receive 50,000 complaints a year at NHTSA; 500 of them deal with tires.

MS. BAILEY: Fifty of them deal with Firestone tires per year. Only five or so per year -- therefore, in the decade preceding when this information came in, only about five a year dealt with the specific tires that are recalled today. So you can see there is a trend that we looked for a threshold, if you will. But the 46 over a decade, when there was a population of 47 million tires, did not trigger the investigation.

MR. SAWYER: But did that rise to a level of that kind of concern?

MS. BAILEY: Exactly.

MR. SAWYER: Let me ask one further question, if I can, Mr. Chairman, and that is, in an arena in which manufacturers are allied with one another, owned by one another, and operate in a variety of different settings -- where manufacture takes place in many different continents, and where the experience from those continents may be useful to us -- what kind of obligations to report do American affiliates or foreign affiliates of American manufacturers have to report those incidents in other environments?

MS. BAILEY: They do not have an obligation to report at this time.

MR. SAWYER: Should they?

MS. BAILEY: But that is one of the main things we will be looking at.

MR. SAWYER: It seems to me that the single most important undertaking in the name of safety that the tire industry and others -- and the automobile industry, as well -- has undertaken is the attempt to harmonize environmental and safety expectations of products on an international basis. Without that capacity, it seems to me that it would be very difficult to do that.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. TAUZIN: Allow me to ask one question before we move on.

MR. SAWYER: Sure.

MR. TAUZIN: Does NHTSA have any intentions at all of instituting an action against Firestone for failure to report a known defect?

MS. BAILEY: That would not be determined until the end of the investigation.

MR. TAUZIN: I thank the gentleman. The gentleman's time has expired.

The chair will now recognize the gentleman from California, Mr. Bilbray.

The gentleman from Tennessee, Mr. Bryant.

MR. BRYANT: Thank you, Mr. Chairman.

Dr. Bailey, we've heard a great deal of testimony today or at least questioning I think -- sort of, what I would call leading questions from some folks here about your funding levels. And you seem to have responded, not maybe the way they want you to say that you're under-funded and that would solve all the problems in the world.

But I have knowledge that State Farm and your administration have a cooperative relationship and have worked together over the years in situations where there have been problems. And that NHTSA frequently makes requests to State Farm to share non-confidential claims material to assist you with pending and ongoing investigations. It's extremely rare, though, that State Farm would, on its own, notify you of a potential trend in claims data that they are so alarmed about that they come to you on their own initiative.

So my concern on this funding issue -- maybe some of my colleagues who have raised this question is, if it's misevaluated, which apparently this was the case here, all the funding in the world is not going to solve that. That's an internal issue. You could have triple the budget you have and still would have missed this one because it was not analyzed, at least in a way that would adequately show that there was a problem early on.

Let me also ask you a question -- that was more of a comment, I suppose, that we on this committee understand that a large percentage of the incidents in question occurred when Firestone ATX, ATX-2, and Wilderness tires were mounted on Ford Explorers -- understanding that these tires were also mounted on several other types of vehicles. The NHTSA ODI fatal crash summary illustrates that the number of fatalities in Ford Explorers is significantly higher than fatalities occurring in other types of vehicles with these same Firestone tires.

What are your thoughts on this seemingly fatal combination of the Ford Explorer and these Firestone ATX, ATX-2, and Wilderness tires? And are there any factors that you have identified that explain the unusually high fatality rate for this combination? Have you investigated the situation? And if so, what has your investigation shown?

MR. TAUZIN: I think the gentleman is referring to document number six in the book. And -- does the gentlelady have it before her?

MS. BAILEY: Yes, I have that. And clearly, it shows a high incidence of fatalities with the Explorer, much higher than the Bronco or the Blazer, for instance. And I think you're right. Clearly, it is a combination of situations here that, in this case, seems to have created a particularly fatal outcome.

Specifically, I had mentioned earlier that we published a request for comments on June 1 on the use of a stability factor for consumers, the consumer information program. And the Senate included in its version of the DOT appropriations bill language that prohibits us from establishing a rollover rating.

I think when you look at these kinds of numbers you realize that I think the consumer deserves to be aware that there appears to be a higher possibility of a fatal crash with some of these vehicles. I don't think we know which and I think we need more information. And that's why we need a rollover rating system.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. BRYANT: But is there an ongoing investigation at NHTSA now and a specific combination of these...

MS. BAILEY: We have been prevented from continuing that. We had begun that, but at this time we are unable to proceed until there is a study done. So we are awaiting that, and I would like that restriction removed so that we can do a rollover rating system.

MR. BRYANT: And who has imposed that restriction? I may have missed this.

MS. BAILEY: That is part of its version of the FY 2001 appropriations bill language that is prohibiting us from doing the system until a National Academy of Science study is performed to assess the validity of the measure.

MS. BAILEY: I think it's pretty clear it's a valid measure.

MR. BRYANT: All right, let me ask you my last question that -- and it's, kind of, a follow-up to a comment that was made on the other side about the latest recall of Firestone tires. I understand that -- and know for a fact that NHTSA has recommended a recall on several other Firestone tires based on data received since the opening of this investigation in May.

MS. BAILEY: Correct.

MR. BRYANT: And all the tires -- as I understand, the standard is all the tires receiving an overall rate of 12.6 or higher are recommended for recall. And in reviewing the claims data on these particular tires, there are several where there are extremely low number of claims involved and reported on these tires, so low that it stands out.

For example, a tire that's rated at 87.5 and recommended for recall only received two claims. Both were listed as blowouts. Another tire, with a rating of 85.5, received only one claim, listed as a tire separation. And a third tire, with a rating of 82.2, received two claims, one a road hazard and one a tread separation.

My question to you, is it really necessary to suggest recall on tires when the numbers are so low? You know, I'll be the first to stand up and say...

(CROSSTALK)

MS. BAILEY: ... the production numbers are low, for instance, and the rating therefore is low or...

MR. BRYANT: Right, the numbers of tires out there on the road are low.

MS. BAILEY: You may assume that, but at the same time, if you look at that information, you'll see that there are production numbers of 100,000 and 200,000 where the tread separation rate is equal to or sometimes significantly higher than the tires that were already recalled. So it's looking at the entire universe of tires, and, yes, sometimes it's a low production number. But we still feel, if there is a high tread separation rate, that it should be recalled, and we needed to inform the consumers of that and did so.

MR. BRYANT: Well, again, I'll be the first to recommend. In fact, I've talked to people now about this and saying we have to -- if we're going to err, let's err on the side of safety. But, again, where there are tires where there's only one or two incidents, I'm wondering if there's not an overreaction to some extent.

MS. BAILEY: Well...

MR. BRYANT: Those are the ones I cited as examples to you.

MS. BAILEY: Right. I think, again, we put together the population and the tread separation rate -- the tread separation claims, and came up with the rate. I think you're right, we're erring on the side of safety.

MR. TAUZIN: Gentleman's time has expired.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. BRYANT: Thank you.

MR. TAUZIN: The chair recognizes the gentleman from Texas, Mr. Green.

MR. GREEN: Thank you, Mr. Chairman.

Dr. Bailey, recognizing you've been on the -- in your job for such a short time and some of the questions are difficult, I think most of us, though, want to make sure that the agency itself, not only before you were there, but after you're gone, just like a lot of us want to make sure that our institution survives and corrects problems that we notice.

In reading a lot of the briefings, I noticed State Farm -- and they'll testify later today -- said that they had talked to NHTSA twice in 1999 about the rapid increase in claims they're seeing from these particular tires, and by early 2000 it was recorded 45 more injuries and four more deaths. And we're told that seeing a rapid increase in the complaints and injuries involving a single product is a strong indication of problems, and it seemed like there wasn't any response from NHTSA until the Houston TV station reported it.

And I know oftentimes, whether it's on our level on the legislation branch or the executive side, sometimes we wait until it's called to our attention by the media, and by that time it's much too late, particularly when you have -- and I understand State Farm has a cooperative office with NHTSA and share information back and forth.

Can you tell us why there was not any interest and if one of the largest insurers in the country, you know, pointed this out over a number of years it seemed like?

MS. BAILEY: It's two issues here.

MR. GREEN: Yes.

MS. BAILEY: And let me just say that, first of all, this is the document that I was referring to, which is the memo, which looks real official, and it's got all of the details, but apparently this was reconstructed.

So you'll have to take this with a grain of salt that when I read this, which says the unsolicited report -- this -- it says this unsolicited report was apparently sent to ODI on July 22, 1998, through the same channel that all other reports requested from State Farm come through.

The e-mail is unremarkable, stating, "We have noticed" -- quote/unquote -- "21 failures, inquiries regarding these particular tires." And there were details on this.

Now, this is apparently, according to my staff, a reproduction of that original exchange, which now we have clarified was not even recalled by the individual that we had attributed it to.

MS. BAILEY: I think the main issue here is that that was an informal arrangement between -- we don't have it with any other insurance company. But my question, now stepping into this job as the new administrator, is: How could that happen?

Not that it would have instigated an investigation. This was over several years and it was 21 complaints out of 40 million tires. It would not have instigated an investigation. So missing this, in this case, did not prevent us from doing our job.

MR. GREEN: That's true in 1998. But over a period of years, in fact, early this year it was recorded 45 more injuries and four more deaths...

MS. BAILEY: We were not made aware of that through State Farm, if that's what you're indicating. But, let me just say the important point here is I want us to formalize that arrangement.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. GREEN: I had the impression you were. But, Mr. Chairman, you...

MR. TAUZIN: Again, we're under oath. And we will have testimony from a witness later on who says he did inform the agency in '99 about additional injuries and deaths, as a result. I just want to keep the record straight on that.

MS. BAILEY: And I appreciate that, Mr. Green.

MR. TAUZIN: But the gentlelady, again, may not be aware of what he is going to testify, a little later on today. And, apparently no one at your agency recalls these phone calls.

I thank the gentleman. I'll give the gentleman additional time.

MS. BAILEY: I thank you, Mr. Chairman. I appreciate that.

I'm not aware of it, and apparently they are not either.

But, I just would still like to make my point, that this is clearly something I'm going to investigate.

Should we not have more than this voluntary, informal arrangement with other insurance companies, so that we can pay real attention to anything that comes in, whether this one would have instigated an investigation or not?

MR. GREEN: Well, it again, whether it's informal or formal, obviously formal, we would have documentation of it. But in '98 if it was told, or '99, earlier this year there was additional -- it should have raised somebody's flag at the agency that there may be a problem we need to look at.

Frankly, being three weeks on the job, it would have made your situation a lot easier today, that maybe in February somebody would have said, "Wait a minute, we've have these over the last three years, let's really look at it and see."

I think that the communication within NHTSA, and maybe your leadership now, will help that, that we need to make sure that there's coordination within the agency and someone knows what's going on.

I know you already answered the question that our ranking member mentioned, but did you know that the information that has been received, rather formally or informally, already represented more deaths on fewer tires than in 1978 Firestone 500 tires?

MS. BAILEY: But at the same time we were receiving two and three and four complaints, we were receiving hundreds of complaints on other tires at that same time. So, again, it's keeping it in perspective.

It does not mean that it's not very serious. It is, and I wish this had been -- that the information had been recorded appropriately.

MR. GREEN: OK.

Another question that comes up, and I know we've talked about it from other members, it said, if the standard was already inadequate for tires installed on the cars in 1970s, and it would even more inadequate for the heavier and sport utility vehicles.

And let me tell you, coming from Texas, the SUV is our vehicle of choice. I've driven them for 25 years now. And it seemed like that's -- and granted I don't go off road now, except during hunting season.

But in 1978, the Society of Automotive Engineers adopted a paper, concluded that 27 percent of the vehicles they studied had tires that were under inflated. That was a major safety issue. Is that still true today?

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MS. BAILEY: Well, apparently, going off road works better if you under inflate the tires. I'm certainly not recommending that, particularly the information we have here today. But it is something that I think we may want to work into one of our public information campaigns.

MR. GREEN: OK.

Again, historically, though, in 1978 NHTSA said that it's going to require tire low-pressure warning systems on vehicles. Do you know whatever happened to that?

MS. BAILEY: My understanding it was tabled during the '80s, when there was a cutback on funding.

MR. GREEN: OK.

Do you think NHTSA will revisit that issue now to make sure that consumers...

MS. BAILEY: Yes, sir, I will.

MR. GREEN: ... know that if I drive off road I need -- I may want to lower -- which is also common sense for some of us who may do it -- but that we need to make sure that consumers know that when you're on road you need to inflate them to a certain level?

MS. BAILEY: Yes, sir.

MR. GREEN: Thank you, Mr. Chairman, for your patience.

MR. TAUZIN: The gentleman's time has expired.

The chair recognizes the gentleman from California, Mr. Rogan.

I'm sorry, the gentleman from North Carolina, Mr. Burr, is next. I'm sorry.

MR. BURR: I thank the chairman.

Ms. Bailey, I realize you've only been there for three weeks. But...

MS. BAILEY: It seems longer.

(LAUGHTER)

MR. BURR: It will seem even longer at the end of today, let me assure you.

Do you believe that the internal process at NHTSA is one today that were State Farm or any insurance company to send an e-mail that looked like the e-mail that was sent before -- a pattern, 21 specific examples, two deaths -- is that something that NHTSA today would respond to with at least a preliminary investigation?

MS. BAILEY: I don't know that the 21 would initiate even a preliminary evaluation, but I will say we clearly would respond differently today.

MR. BURR: What triggered the preliminary investigation in the spring of this year?

MS. BAILEY: The history is that, over a 10-year period in the '90s, we had received 46 complaints. There was one fatality in that. But again, that is that each year during those years that was about five complaints a year. So it had not triggered an evaluation at that time.

MR. BURR: Did it have anything to do...

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MS. BAILEY: An investigation.

MR. BURR: Did it have anything to do with the Texas news story...

MS. BAILEY: Absolutely.

MR. BURR: ... and the 25 calls?

MS. BAILEY: Absolutely. Because what that resulted in -- we began to investigate and tried to obtain information which was not forthcoming from KHOU, but it did double the number of complaints that we received at NHTSA. So as that occurred over the next couple months, it became very apparent we did have a trend and we opened the investigation on May 2.

MR. BURR: But the 21 that State Farm pointed out got lost somewhere.

If they -- if it hadn't -- if 25 then triggered it, wouldn't 21 have triggered it...

MS. BAILEY: We have revisited that...

MR. BURR: ... if somebody had paid attention to the State Farm?

MS. BAILEY: We have revisited that. And remembering that tires are treated in a different manner than a seat belt, and that was over a decade, it still would not -- even combining those two statistics would not have triggered an evaluation.

MR. BURR: So there's been no change in the internal process at NHTSA since this investigation began -- before and after?

MS. BAILEY: Yes, there was a change two weeks ago in that we are now reviewing -- partly to prepare for today but partly because I'm reviewing what it is that has occurred in this investigation and how it is that NHTSA completes its mission.

MR. BURR: NHTSA has a monthly service bulletin; am I correct in the terminology that I use?

Some type of bulletin?

MS. BAILEY: We're not sure what you mean, but there is a press release that goes out on a regular basis.

MR. BURR: On a monthly basis?

MS. BAILEY: That may be the bulletin you're referring to.

MR. BURR: What was the date of the first one that specifically addressed the concern with these tires?

MS. BAILEY: I don't think that a...

MR. BURR: Are these two different things?

MS. BAILEY: They're two different things, but...

MR. BURR: I wouldn't think that a press release would be -- it's my understanding that there is some type of monthly publication that NHTSA puts out. Am I incorrect?

MS. BAILEY: But it would not have included this information.

It's on recalls -- the monthly bulletin you're talking about identifies the recalls.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. BURR: OK. Let me move on.

You mentioned earlier if we only had a million dollars more we would do this. Where specifically were you talking about that million dollars? What -- what...

MS. BAILEY: That's for the Office of Defects Investigation. It would mean we could hire more investigators. It means we could do more testing.

MR. BURR: What's your budget this year?

MS. BAILEY: It means that we could do -- the budget at is a approximately total for NHTSA, \$400 million -- it's \$395-plus million.

MR. BURR: It's \$362 million, according to the Transportation Committee. Of that, how much of it's the administrator's office and staff?

MS. BAILEY: How much is what?

MR. BURR: The administrator's office and staff?

MS. BAILEY: The administrator's staff...

MR. BURR: The administrator's office and staff.

MS. BAILEY: The way I would break it down for you -- what's really important to know is that if you round it off to about \$400 million, just for the sake of ease here...

MR. BURR: Ten percent of it's in the administrator's office.

MS. BAILEY: ... about half of it goes to grants, first of all.

MR. BURR: But specifically, the administrator's office gets about 10 percent of it; right?

MS. BAILEY: It's not 10 percent, but we'll give you the number in a minute.

MR. BURR: It's \$35 million or \$36 million of \$366 million.

MS. BAILEY: OK.

MR. BURR: They're shaking their head. I'll go by the numbers that I've got.

Why short-term, why don't we reprogram within NHTSA?

MS. BAILEY: Reprogram?

MR. BURR: Why can't we move money from an area that's administrative...

MS. BAILEY: We're doing some of that right now.

MR. BURR: ... to an area that gives us the staffing capabilities or the resource capabilities to address, hopefully, a short-term problem?

MS. BAILEY: We have done that. In fact, we have reassigned staff, we've reallocated funds, because of this investigation.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. BURR: The one thing that has gone without mention, I believe, today, is that Congress, six years ago, started a new program that's outside of NHTSA's budget. It's the hotline. The hotline has increased from an about an appropriation of about \$500,000 to \$1.2 million or \$1.3 million.

MS. BAILEY: But I understand it's been cut back some this year, and we would like to see that fully funded to, because that's where most of our information comes in.

MR. BURR: I wait patiently in hopes that we'll get appropriations bills signed this year, but today I'm not too optimistic.

MR. TAUZIN: The gentleman's time has expired.

MR. BURR: The chairman's been very generous. I thank Ms. Bailey for her testimony, and I yield back.

MR. TAUZIN: I thank the gentleman.

The chair recognizes the gentleman from Maryland, Mr. Wynn, for a round of questions.

MR. WYNN: Thank you, Mr. Chairman.

And, Dr. Bailey, welcome. I don't envy you with only three weeks under your belt. So when I use the term "you," I'm not referring to you, I'm referring to the agency.

Several questions: First of all, it says that NHTSA had received 46 complaints over nine years by the end of 1999. Is that sufficient to initiate a preliminary investigation?

MS. BAILEY: No, because that's out of a population of 47 million tires over several years. And at the same time we were receiving approximately five per year about Firestone, we had hundreds from other tire companies.

MR. WYNN: Is there a specific threshold number that is utilized to initiate a preliminary investigation?

MS. BAILEY: There is not a specific number, but it's certainly not five a year.

MR. WYNN: Well, I mean, an average -- five a year represents an average, but if most of them had occurred in the last couple of years, would that not have, kind of, triggered a concern?

MS. BAILEY: Part of what I'm looking at, as a new administrator, is what those thresholds would be, and...

MR. WYNN: OK.

MS. BAILEY: ... we're doing that right now.

MR. WYNN: So there is a review...

MS. BAILEY: It is very difficult, as I say, the difference between a child-safety restraint device and tires. So it's difficult to come up with a formula, but I do believe we should be developing a threshold model.

MR. WYNN: OK, so you're going to do that internally through regulation and won't need legislation. Is that safe to assume?

MS. BAILEY: And it clearly wasn't -- isn't 46 over nine years. But, yes. Yes, sir, we will.

MR. WYNN: OK.

And when you look at that, do you weigh, do you give any additional weight to the number of fatalities as opposed to just complaints?

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MS. BAILEY: Clearly, catastrophic crashes and fatalities would weigh-in in that formula.

MR. WYNN: OK.

Did that 46 include the 21 that were reported by Firestone?

MS. BAILEY: That 46 did not. We're still evaluating whether or not there may have been some overlap, but it doesn't appear that it did overlap.

MR. WYNN: OK.

One of the things that concerned me was a report contained in the committee -- well, a statement contained, rather, in the committee report suggesting when they inquired about the 21, the agency was not able to produce any evidence or recollection of it, but, yet, they actually found the case summaries of 21 cases in the files of your agency. Is that -- first of all, is that true?

MS. BAILEY: Yes. Apparently the document that I referred to is the document that was reconstructed, and it does have specific information that was available through NHTSA.

MR. WYNN: And so, is it fair to assume that someone within the agency misspoke about the existence of the 21?

MS. BAILEY: The existence of the claims? What we're differentiating here is that Mr. Beretsky (ph), apparently, did not remember. That's different than it not existing. So we did have information, he didn't recall the information.

MR. WYNN: OK. All right.

MR. TAUZIN: Would the gentleman yield for a second, though?

MR. WYNN: Yes, Mr. Chairman.

MR. TAUZIN: I thank the gentleman. I'll give him additional time.

The point I think the gentleman's making is that you received information over these years of incidents of failure. You've counted them up: 49?

MS. BAILEY: Of -- well, this is different.

MS. BAILEY: This is the 21 from State Farm.

MR. TAUZIN: That's my point, and I think that's his point.

During that same period, you received an e-mail saying, "Here's 21. Here's a description of what happened." And somehow, that got filed away and never even got counted. And I think the gentleman's asking, "What happened here? Why was it ignored in the analysis the agency was making as it counted all these incidents that's coming in to the agency?"

I thank the gentleman.

Would the gentlelady respond?

MR. WYNN: OK.

MS. BAILEY: There's a difference...

MR. WYNN: Thank you. I'm sorry, lady, go ahead.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MS. BAILEY: ... between a claim and a complaint. There should not be, though. I agree with you, that clearly, even though these were claims, obtained through an informal relationship between the one company -- the one insurance company of them all that does relate to us in that fashion, even though that was an informal arrangement, there should be a mechanism -- and I certainly will put one into place and hope to widen our ability to obtain that information to other insurance companies -- so that it does not remain informal or separate from our normal process of acquiring a database.

MR. TAUZIN: I thank the gentleman and the gentlelady.

The chair will extend the time of the gentleman another minute.

MR. WYNN: Thank you, Mr. Chairman.

Dr. Bailey, do you have any mechanism for getting information on recalls that occur in other countries?

MS. BAILEY: At this time we do not, and they are not -- a manufacturer is not obligated to provide that, but we will.

MR. WYNN: All right.

And you were clear, I think you were, in response to several of my colleagues said that you definitely want the authority to compel that information?

MS. BAILEY: Yes, sir.

MR. WYNN: OK.

Mr. Ono, in his testimony -- written statement said that he met with you on August 8 and reviewed what he knew and then voluntarily initiated the recall. Was that meeting at your invitation? Or was that -- did they indicate they wanted to come in? What were the circumstances of that meeting?

MS. BAILEY: We arranged that meeting and recommended the recall on August 8.

MR. WYNN: You actively recommended the recall?

MS. BAILEY: Yes.

MR. WYNN: But to your knowledge, had his company taken -- I'm sorry, go ahead.

MS. BAILEY: We're just saying the date's off. The actual meeting was the 4th where we recommended the recall, but that sound wrong to me, too.

MR. WYNN: OK.

MS. BAILEY: All right.

On the 4th was the meeting where we recommended the recall. On the 8th they agreed to do so, and on the 9th they did the recall.

MR. WYNN: I just wanted to clarify who took the responsibility here, because there's a suggestion or implication that perhaps they came in and wanted to be good corporate citizens. And I want to clarify that it was at your request that they came in and that's what resulted in the recall. And absent your request, that perhaps may not have happened.

MS. BAILEY: No. That is exactly how it happened: That we initiated the meeting recommending the recall, and that they agreed to the recall and did so on the 9th.

MR. WYNN: OK.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. TAUZIN: The gentleman's time has expired.

MR. WYNN: And I thank you, Mr. Chairman. You've been very generous.

MR. TAUZIN: Thank you, Mr. Wynn.

The chair now recognizes the gentleman from California, Mr. Rogan.

MR. ROGAN: Mr. Chairman, thank you.

And, Dr. Bailey, although you may not have always felt it over the last couple of hours, your presence is welcome here today and...

MS. BAILEY: Thank you, very much.

MR. ROGAN: ... I echo the appreciation for your coming.

Something my friend from Maryland just asked triggered a question: Is there really a difference in the way NHTSA would handle a potential safety problem if the information came to them by way of an informal information channel versus a formal complaint?

MS. BAILEY: Unfortunately, in the past that was the case. I don't think it was intended to be; I think there's a human error factor here, if you will, or a systems problem and we're going to clearly correct that.

That should not be the case. Any information that would let us know the possible defect or need for an investigation should be part of the database. At this point, there's no real mechanism for claims because that's not something we are routinely obtaining.

MR. ROGAN: So despite the seriousness and the potential safety hazard of information that would come into NHTSA under your predecessors, that would never have made it into the database if it had not come in by way of a formal complaint?

MS. BAILEY: No. It should have, and would have by all rights. Apparently this did not happen in this case.

MR. ROGAN: When the State Farm information was received in 1998, was it actually received by Mr. Beretsky (ph)?

MS. BAILEY: It was apparently another individual who took the actual information. And the safety defect specialist was Mr. Beretsky (ph) who reviewed it, but there was another individual who took the actual information.

MR. ROGAN: But Mr. Beretsky (ph) would have been the receiving official...

MS. BAILEY: Yes.

MR. ROGAN: ... back in 1998. He isn't just a person that reconstructed this in a recent memorandum?

MS. BAILEY: Correct.

MR. ROGAN: Under the protocols of 1998, when information was received from a single source of 21 problem tire incidents, including two fatalities, was it the protocol of NHTSA then to enter that into the database?

MS. BAILEY: That should have been entered into the database, yes.

MR. ROGAN: And for some reason that never happened.

MS. BAILEY: Apparently it did not happen.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. TAUZIN: The chair will extend the time of the gentleman for at least 30 seconds.

MR. ROGAN: Or at least five buzzes.

(LAUGHTER)

Do you have any information in your files from 1998 to indicate that complaints about these tires had come into NHTSA from some source other than the State Farm representative?

MS. BAILEY: Yes, there would have been information as part of the complaints that I mentioned that occurred during the '90s, where we were gathering information then, it was in the database.

MR. ROGAN: As of 1998, how many complaints or information of specific incidents did NHTSA have in relation to these tires?

MS. BAILEY: I could give you the exact number, but it must have been -- being we got to 46 by the year 2000, it must have been in the high 30s, I would imagine.

MR. ROGAN: Typically, would that be sufficient to trigger a preliminary investigation?

MS. BAILEY: Not with a population of 47 million tires, when there were hundreds of complaints about other tires being received at the same time that we were receiving, per year, three or seven about these particular tires. So it would have not prompted an investigation of these tires.

MR. ROGAN: The complaints that you had received up to 1998 -- the end of 1998, were they generic complaints of all kinds of different problems or did they all appear to be essentially the same problem with the same type of vehicle?

MS. BAILEY: There were different types of problems mixed in. They were not all tread separation problems.

MR. ROGAN: Was the bulk of the complaints that were received tread separation?

MS. BAILEY: I believe the majority of them were tread separation.

Is that correct?

They don't want to say that, so we'll provide that for the record.

I know a lot of them were.

MR. ROGAN: Mr. Chairman, thank you. I yield back.

MR. TAUZIN: I thank the gentleman.

The chair recognizes the gentleman from Minnesota, Mr. Luther.

MR. LUTHER: Thank you, Mr. Chair.

First of all, before I ask any questions, as I understand it, you have issues and advisory recommending the recall of an additional 1.4 million.

So my question is, what kind of a danger is posed, in your view, by those additional tires?

MS. BAILEY: Let me, first of all, say that I think that was excellent work on the part of the NHTSA staff. It shows that even during an investigation they are acquiring data at a rapid rate. They're analyzing the data.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

And when they see a serious safety problem like we -- was apparent in the high tread separation rates of those additional almost 1.5 million tires, they were alert enough to make me aware of that. We were able, then, to recommend a recall, but more importantly let the American public know about the danger.

MR. LUTHER: And where -- thank you -- and where does that stand as of this time? You recommended it, and where does the recall of those additional tires stand?

MS. BAILEY: There is -- we are not able to direct a mandatory recall until we finish the complete investigation, which was why it was important that we do the consumer advisory, because that could be theoretically as long a year, though, I want to see this completed within six months.

MR. LUTHER: And have you received any response, as of this time, to your recommendation?

MS. BAILEY: From the manufacturer?

MR. LUTHER: Right.

MS. BAILEY: Firestone did not choose to recall those tires at that time. And I'm sure you can -- they could make a statement to that effect as to their reasoning.

MR. LUTHER: Now, I'd like to go back to that -- to the discussion...

MS. BAILEY: Let me just add, it was a short time frame. You know, we determined on the 30th that we had a serious problem, and on the 31st they determined they didn't want to make a recall.

As you know, that was going into the Labor Day weekend, and we did not feel we could withhold that information from the American public about 1.4 million tires.

MR. LUTHER: Sure.

Back to the information you received two years ago from State Farm.

MR. LUTHER: The question that comes to my mind is whether or not the individuals within the agency had the necessary statutory and regulatory authority and tools, if you will, to act upon that information.

You've already indicated, I believe, if I understand it, that recalls outside the country are not something you are entitled to get information on. Does that also extend to any activities outside the country?

And I believe you've also indicated that you were not entitled to get information on claims. I assume that applies to both outside the country and within the United States. Are there...

MS. BAILEY: Yes.

MR. LUTHER: I'd like you to verify, if you could, my understandings on those two points.

And are there other constraints, because your agency would not have the appropriate statutory and regulatory authority, so that they would be limited when put on notice of a possible problem?

MS. BAILEY: First, we'd have to have the authority to obtain the information. And then we could use that information in order to deal with the particular manufacturer in the same way we are in this investigation, including a recall.

MR. LUTHER: And that's why I asked the question.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

What I'd like to know is in what areas do you not have necessary statutory or regulatory authority in order to get the job done for the American consumer?

You've indicated a couple already: claims information, you'd like to have that authority, as I understand it. Secondly, you'd like to have authority to get any kind of information necessary I assume from outside the United States -- not just recall information, but claims information and presumably other information.

What else in addition to that?

MS. BAILEY: Well, those are the two main issues here. If we -- if the claims information that we now know of were made available, it would have changed the course of events here. If we had known about the foreign recall or replacements, that also could have changed the course of events.

So those are two areas that are high on my priority list to look at in terms of our authority and being certain that in the future we are able to obtain that data.

MR. LUTHER: OK.

And so basically what you're saying is that in '98 your employee did not have the authority to go to a manufacturer and say, "Please, tell us if you've had complaints or problems." Is that correct?

MS. BAILEY: We could go to a manufacturer and request that information. We couldn't -- there was no obligation of the manufacturer to provide information from outside the United States.

MR. TAUZIN: Would the gentleman yield for a second? The staff has asked me to clarify this, Mr. Luther, and I'll yield additional time, if you don't mind.

Our understanding is that you do have the authority to request of a company, like Firestone or Ford, information referenced to recalls or replacements in other countries. You could request that any time.

And the question is, if you did hear about an action in Venezuela or Saudi Arabia, if that came to your attention, doesn't your agency today have the authority to say, "Tell us about what's going on in Saudi Arabia or Venezuela"?

And if you do, what would be the obligation of the company to whom you sent such a request?

MS. BAILEY: They're not obligated to provide us with information about defects or recalls in other countries.

MR. TAUZIN: They could refuse to answer the questions you asked them?

MS. BAILEY: I guess what you're asking is: If we make the request of information, would they give that to us, versus them being obligated to provide it as they did not in this case?

MR. TAUZIN: Without a request.

MS. BAILEY: Yes. Yes. If we were aware of it and made the request, they would provide that.

MR. TAUZIN: So that what you're saying is that, absent a request from NHTSA, they don't have a legal obligation to voluntarily provide you the information.

MS. BAILEY: Exactly.

MR. TAUZIN: But you always had -- and have today -- the capacity to request that information, in which case you would receive it, would you not?

MS. BAILEY: Yes.

MR. TAUZIN: Mr. Luther, I yield back.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. LUTHER: Thank you, Mr. Chair.

So you're saying that if you make a request, there is an obligation then to respond to that request, even if it includes information from outside the country?

MS. BAILEY: Yes.

MR. LUTHER: OK.

And would that be true of claims, also, whether outside or inside? In other words, could you make a request...

MS. BAILEY: If we made a request.

MR. LUTHER: If you made a request for claim information, what claims have been filed, outside and inside the United States, would they be under an obligation to provide that?

MS. BAILEY: If we made the request, yes.

MR. LUTHER: Finally, then, let me, before I wrap up, on that current advisory, recommending 1.4 million more tires, how serious a danger is that currently to the American public, in your view?

MS. BAILEY: I felt it was serious enough to do the first consumer advisory during an investigation that's ever been done by NHTSA.

The point being, is, as I looked at the data there were tread separation rates in the tires that were produced -- and, again, sometimes it was a small population, but sometimes it was 100,000 produced or 200,000 produced -- and those tread separations were significantly higher, sometimes several times higher than the tread separation rate of the tires that were already recalled.

MR. LUTHER: Well, you're -- if I understand what you're saying, then that recommendation for another 1.5 million tires, in your view, is presenting a very serious safety hazard to the American public as of this time?

MS. BAILEY: Serious enough where I would still recommend a recall of those tires.

MR. LUTHER: Thank you.

MR. TAUZIN: I thank the gentleman.

The chair recognizes the gentleman from Illinois, Mr. Shimkus.

MR. SHIMKUS: Thank you, Mr. Chairman.

We've gone over this before, but for myself, defects get reported, claims do not.

MS. BAILEY: The obligation to report, yes. If a manufacturer knows of a defect, they are obligated to report that to NHTSA.

MR. SHIMKUS: But if there's a claim, that doesn't mean that a defect reporting has been done.

MS. BAILEY: Correct.

MR. SHIMKUS: And if there is a industry-to-industry -- say, there was a blow out, and the insurance company pays out to the claimant. The insurance company then goes to Firestone and says, "OK, this is a faulty tire. Pay me what I had to pay in the claim." That's not reported.

MS. BAILEY: That is not reported either.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. SHIMKUS: And I think those are things that we need to probably have added to your tools...

MS. BAILEY: Exactly.

MR. SHIMKUS: ... so that we can connect the dot better than having a TV station do it for us; would you agree?

And would also would help connect the dots is if we knew and if industry knew they were making recalls overseas that that was reported back to you.

MS. BAILEY: Right.

MR. SHIMKUS: Mr. Chairman, that's all I have for questions. I yield back.

MR. TAUZIN: I thank the gentleman.

The chair recognizes the gentlelady from Missouri, Ms. McCarthy.

MS. MCCARTHY: Thank you very much, Mr. Chairman. And, Dr. Bailey, thank you very much for your testimony here today.

I wanted to spend a moment with you on an item that was in the Wall Street Journal today, from a column by Timothy Apel (ph) on "Firestone Has Been Here Before." For it talks about, in the wake of the '78 recall, there were a flurry of proposals, probably by members of this committee more senior than I -- this is only my third term here -- for regulatory changes aimed at tightening tire...

MS. BAILEY: It's only my third week.

MS. MCCARTHY: It's nice to be with someone even more junior.

All these moves were dropped or sharply watered down after the Reagan administration came into office and proclaimed one of its goals to be lightening the regulatory burden on businesses.

And the article goes on to talk about a number of proposals: One, to require the auto and tire industry to come up with a system for warning drivers when pressure in their tires have dropped. Other proposals about under-inflation, and so forth; requiring tire-makers to print identification numbers on the exterior. I think some of these have been mentioned by other members in questioning earlier today.

But the article goes on to point out that most tire-makers, including Bridgestone/Firestone, say they favor updating regulations.

And in a panel much later today, Clarence Ditlow, from the Center for Auto Safety, is going to talk about some of the standards that do need to be upgraded and that have not been acted on by your administration.

So I wonder if I could just ask you a question or two about some of these suggested changes. And if you have thoughts on other standards that you intend to address and haven't shared with the committee, be glad to have you share those at this time.

But do we know need standards on rollover protection, including stronger standards on roof strength for rollover protection?

MS. BAILEY: Yes.

MS. MCCARTHY: OK.

And what about tire recalls and replacement policy? You know, now -- I mean in '78 tires didn't last as long as they do now. Radial tires last 50,000 miles or more.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

I was flying here today on a plane, next to a gentleman reading these articles, and we got to talking about it, and he had tires on a different vehicle than Ford go out, and he had the car for less than a year, and -- it was just over a year, and so the warranty had expired, but the same problem existed in his tires, and he managed to get them replaced.

MS. MCCARTHY: But the manufacturer has no obligation to replace a tire for free if it's more than three years old on some vehicles, one year on others. Shouldn't replacement policy be looked at and maybe have Congress remedy it by providing for reimbursement in the statutes or something to make sure that consumers are protected?

MS. BAILEY: Do you mean in a recall situation or a warranty situation?

MS. MCCARTHY: A warranty situations where, in fact, a tire goes bad because of a problem like this or other serious problem not anticipated...

MS. BAILEY: Well, if it's a problem like this...

MS. MCCARTHY: ... following the warranty expiration.

MS. BAILEY: If it's a problem like this and it's a recall situation, we do have an amendment that is, at this time, to extend the recall period by several years.

MS. MCCARTHY: Well, what about if it's just the guy I'm sitting next to on the plane today whose tires went out? He wasn't hurt. I mean, it just happened and he had to fight with lawyers and others to get them replaced. Should the Congress take a look at remedying this or can you do that?

MS. BAILEY: That sounds like a warranty issue for the manufacturer.

MS. MCCARTHY: Exactly, that's what, you know, people like the Center for Auto Safety are saying. Some of these things need to be rethought. Tires last longer now or the warranties, you know, have changed and maybe we need to take a look at that.

MS. BAILEY: Well, again, I think that's part of our amendment that extends the recall time. But I think of what you've mentioned, I think the serious issues are the possibility of developing a system so that most of us who would not be aware when our tire pressure is incorrect would be alerted to that, a mechanism for that. And our rollover rating system, also, I think is a real safety issue. So those I clearly would support.

MS. MCCARTHY: Are there others...

(UNKNOWN): (OFF-MIKE) Will the gentlewoman yield?

MS. MCCARTHY: Oh, of course.

(UNKNOWN): (OFF-MIKE) Yes, I want to follow up earlier your first question you asked.

Dr. Bailey, in this whole situation today, you've indicated in your reports about these tires but we talked a lot about 1978 and the Firestone 500. So when I'm driving around down the road and if I have a blowout, with all due respect, I don't think of NHTSA. I go back to where I bought my tire, where I bought my car. And that's what the American people do. And we don't really think of calling you to report this.

In '78 though, you said that Firestone 500 -- you had lots of complaints and that's how you learned about it. That's what started this situation for the recall of the Firestone 500. We don't have that situation here today in 2000.

What happened in that 20-year period? Why was the agency able to act quickly or more quickly based upon numerous complaints in '78 but not act as quickly as we'd like to see here in 2000? What was the difference? What was -- policy changes? I think Ms. McCarthy hit on part of it in her first question. What happened?

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. TAUZIN: The gentleman's time has expired, but the gentlelady may respond.

MS. BAILEY: I would need to have the numbers to look at how quickly they responded and to what number. But I think it brings up the question of a threshold. And I think we do need to develop a formula so that we have a clear threshold that takes into account a variety of factors including the statistics and numbers of claims.

(UNKNOWN): I need to go back...

MR. TAUZIN: The gentlelady's time has expired. The chairman must move to recognize another member unless we get a unanimous consent here.

(UNKNOWN): Unanimous consent.

MS. MCCARTHY: I would request unanimous consent, Mr. Chairman, for an extended minute.

MR. TAUZIN: For an additional minute, is there any objection? Without objection, so ordered. The gentleman is...

(UNKNOWN): I think you'll find in '78, NHTSA back then had a good working relationship with garages and with tire garages, repaired tires and things like that. In '78, the information that was gleaned, that came through your agency, was because we had people back then.

And as Ms. McCarthy said in her first statement or her first question, there have been a number of budget cuts. And I know there's been a lot of talk about, "Well, you have more money and more money here," where those budget cuts really hurt. And American consumer no longer had protection because we don't have the eyes and ears in the field like we did back in '78. Now we do have to rely on the American people to alert us when something's going on. And with all due respect, we just don't think of NHTSA when my tire goes out.

But back in '78, you had people out there who were in those garages, checking with the garages, and they would see a pattern. Because the manufacturer does not have to report -- be it tire or an automobile manufacturer does not have to report unless they consider it a defect. And if you do not consider it a defect, there's no duty to report to you, therefore there's no knowledge on your part of a defect that's occurring.

And with that, I would yield back.

MR. TAUZIN: I thank the gentleman.

Before he yields back, I think it's important to point out that our investigators queried your personnel on that very issue and we got a different answer. We were told that this formal program was eliminated in the '80s but NHTSA continues the informal contacts. And the liaison officer for NHTSA informed our investigators that the formal program back in the '80s was thought to be fairly useless.

Is that accurate?

MS. BAILEY: Which formal program?

MR. TAUZIN: The formal program of having people in the garage shops reporting to NHTSA.

MS. BAILEY: We do still communicate with garages.

MR. TAUZIN: You still do that today?

MS. BAILEY: Yes.

(UNKNOWN): But it's not a required formality as it was in the '70s where you actually had people going out there doing it, not requiring upon other people to contact you. You actually took the initiative and you did not wait and react like we are here today.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MS. BAILEY: OK.

MR. TAUZIN: I think the information was just sent in in those days and you still maintain those informal contacts, do you not?

MS. BAILEY: There are still contacts made with garages.

MR. TAUZIN: Thank the gentlelady. Gentlelady's time has expired.

The gentlelady from New Mexico is recognized.

MS. WILSON: Thank you, Mr. Chairman.

Dr. Bailey, I appreciate your being here and I appreciate your endurance as well.

In your testimony, I'd like to get back to the State Farm claim report in 1998, which you testified did not provide an indication that would justify opening a defect investigation. And yet I have from the staff investigation of the NHTSA documents, in 1994 NHTSA opened a preliminary evaluation on Michelin tires based...

MR. TAUZIN: Document number two, page 13, if people wish to refer to it.

MS. BAILEY: In this book?

MR. TAUZIN: Document number two, page 13.

MR. WILSON: It's a NHTSA decision document on opening a preliminary evaluation on tread separation on a Michelin tire based on five complaints which resulted in no injuries and no fatalities. Was there a change in the guidance for your employees between 1994 and 1998 as to what justified opening a preliminary investigation?

MS. BAILEY: There at this time is not a formula that dictates what the threshold is that would warrant initiating an investigation. Clearly there needs to be, and that's one of the things I think we'll be identifying, whether or not -- what is the criteria for an investigation.

MR. WILSON: So is it now really just one guy's call?

MS. BAILEY: One...

MR. WILSON: Is it just one person's call within your agency as to whether they start this paperwork?

MS. BAILEY: No, it's not one individual, but it is -- it's -- it is clearly within the NHTSA staff and it may not be an individual. But at the same time, I don't think it's a clear enough process, I don't think we've defined the mechanism well enough.

MR. WILSON: Looking back on it now, do you think that decision to say this doesn't meet the threshold for opening a preliminary evaluation, do you think that was the right call?

MS. BAILEY: You mean from the 21 or from the 46?

MR. WILSON: From the State Farm report in 1998 of 21 claims and two fatalities.

MS. BAILEY: Before I would determine what that threshold is I would want to analyze an appropriate formula for determination. I'm not sure that 21 over eight years still necessarily reaches that threshold, but I don't understand three being the threshold either. So I think we need to determine what's an appropriate threshold when millions of tires are being produced and over a period of time.

MR. TAUZIN: Will the gentlelady yield (inaudible)?

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. WILSON: Yes, Mr. Chairman.

MR. TAUZIN: Again, I wish to correct the record. The 21 incidents reported, we're told, was over a six-year period, not an eight-year, not a decade, but over a six-year period.

Thank the gentlelady.

MR. WILSON: Is it unusual for a company that's approach by NHTSA to refuse to recall these other tires, these 1.4 million tires you issued the warning on? When NHTSA goes to a company and say, "We think you've got a bigger problem here," is it unusual for a company to refuse?

MS. BAILEY: As you know, my tenure is short at this point, but my review of the this and what's been provided to me about the institutional memory, if you will, or the historical pattern, is that generally speaking, when we recommend a recall and have statistics to support that, that generally speaking that is voluntarily accomplished with the manufacturer.

MR. WILSON: Now, this happened just before this last holiday weekend. Were you surprised by Firestone refusing to expand the recall?

MS. BAILEY: Yes, I was surprised.

MS. WILSON: How did you react?

MS. BAILEY: By saying then we need to determine how we best inform the American public about this problem. And we determined that was an advisory.

MS. WILSON: Were you told by Ford Motor Company about the Saudi Arabia problem or about Venezuela?

MS. BAILEY: We were not told until after we'd already opened the investigation...

MS. WILSON: So, there was no...

MS. BAILEY: ... on May 2.

MS. WILSON: ... there was no voluntary information provided by Ford America that they had a problem overseas?

MS. BAILEY: No.

MS. WILSON: For your employees, when they're deciding whether to open a preliminary evaluation, are there guidelines? Is there a criteria that they use that's formalized in any way within your department?

MS. BAILEY: For a preliminary investigation, there is an initial assessment done previously in which we obtain data, review data, analyze data, before doing the first phase of an official investigation, which is the preliminary evaluation. So there is an assessment of the data that's been presented or obtained prior to opening the investigation, and it's done methodically.

MS. WILSON: What I'm asking you is there -- is there a policy- and- procedures manual? Is there training that's done that tells your employees: here are the criteria, here's the things that you should take into account when you get consumer complaints or e-mails in from insurance companies as to what -- how you're supposed to evaluate this, what criteria you should use in deciding whether to start a preliminary investigation or whether to take that e-mail and put it in your circular file?

MS. BAILEY: Well, apparently with the e-mail and in that informal arrangement, that was not -- either not spelled or not clearly enough spelled out as to what to do with that form of a warning or...

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. TAUZIN: The gentlelady's time has expired.

MS. WILSON: Thank you Mr. Chairman.

MR. TAUZIN: The chair recognizes the gentleman from New York, Mr. Fossella.

MR. FOSSELLA: Thank you, Mr. Chairman. In an effort just to solidify the truth, I just want to make sure, Dr. Bailey -- there was an article in the Washington Post dated August 25 where Secretary Slater said that regulators launched an investigation into the problem tires as soon as they received complaints linking the tires to fatalities.

If I heard you correct today, you said that did not occur, right?

MS. BAILEY: Clarify for me what your question is.

MR. FOSSELLA: Well, regarding the State Farm e-mail of 1998, presumably the agency was notified two years ago. And you're claiming that nothing happened, right?

MS. BAILEY: It's important -- yes, there was one crash with two fatalities in that group and so apparently the secretary was not aware of that. But at the same time he did not necessarily misspeak because he was talking about the complaints and that's different than the claims.

I don't mean to...

MR. FOSSELLA: I just want to set the record straight. And I think what I've heard -- and just so the Congress knows, the American people know, nothing happened when the agency was first notified, right? Regulators did not launch an investigation two years ago, correct?

MS. BAILEY: Correct.

MR. FOSSELLA: OK, so you're correct in this and this is incorrect?

MS. BAILEY: I believe...

MR. FOSSELLA: You can't both be right.

MS. BAILEY: Absolutely and that is incorrect and...

MR. FOSSELLA: OK.

MS. BAILEY: But I think the information he had at the time is what created the confusion.

MR. FOSSELLA: OK. And if I heard you correctly before, with respect to the protocols, the claim in '98, the e-mail should have been logged. So this debate about funding is moot, because I think you used the words it was a human error.

MS. BAILEY: If you're asking did I think the funding created that problem, it did not create the problem.

MR. FOSSELLA: Did not. So the conversations that have centered around funding have nothing to do with the fact that this e-mail was not logged in '98, right?

And is it safe to assume then if that had been logged adequately, that perhaps it would have launched an investigation or would have caused NHTSA to open an investigation about a year earlier? Is that...

MS. BAILEY: My trend analysts tell me that even combined, given the population of tires, and the years, six years for the State Farm data, and the '91 to 2000 data that, of the 46 complaints, that would not still have triggered an investigation.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

But I think what we recognize here is that we need to review whether or not we have an appropriate threshold formula.

MR. FOSSELLA: OK. Regarding some of these, aside from this review that you're ongoing, you mentioned before about the standards and the tests and there's some debate as to Ford recommending whether in the high speed test, between 75 and 85 miles per hour, 32 pounds per square inch, Ford recommends 26. When did you begin -- when did the agency begin to re-evaluate the standards in as much that it hasn't happened, I guess, in 22 years?

MS. BAILEY: Apparently not soon enough. And I mean that seriously that...

MR. FOSSELLA: Is there a date when somebody at NHTSA said we need to change this?

MS. BAILEY: I think there has been ongoing work, but I think it was not the highest priority in that prior to the previous recall there had not been -- you know of the two major recalls. I think that it was not a high enough priority.

MR. FOSSELLA: But there's no -- you mentioned before, I think, that this is going to be changed. There isn't a date in the near distant past that someone said, "We're going to change this"?

MS. BAILEY: We are definitely updating at this time. And we have a proposal coming out in the spring which is still not soon enough. Given what we're discussing here...

MR. FOSSELLA: But why -- I'm just curious is to if you think it's that vital, why wouldn't you do it tomorrow?

MS. BAILEY: What I'm saying to you here is that this is where we are today. And in the last three weeks, I have reviewed these issues, and that is one that I believe we need to expedite.

MR. FOSSELLA: OK.

MS. BAILEY: We are, by the way, looking to manufacturers for comments on that as well.

MR. FOSSELLA: OK, fair enough. And the notion that this whole foreign recall and you can't trigger an internal investigation until you're notified, is there any proactive end of NHTSA to say, "You know what folks, there's a recall in Saudi Arabia, there's a recall in Venezuela, perhaps we should dive into this on our own"?

MS. BAILEY: Well, that's the point we were just making. Had we had some sense that we should be regularly obtaining that information, requesting that information, that may have come to light. I still don't think that's the best method. I think instead we should have authority to require that any recalls or replacements or serious problems outside of the United States with products that affect Americans should be reported to NHTSA.

MR. FOSSELLA: OK.

MS. BAILEY: We need the authority to do that.

MR. FOSSELLA: All right, and the last, Doctor, is that you mentioned before a lot of the regulatory reforms that I guess was talked about in the 1970s, and I believe, if I heard you correctly, said they were not implemented because of the cuts in the '80s. Have there been any of these regulatory changes that were proposed in the '70s done in the last, say, seven or eight years?

MS. BAILEY: Of the ones we mentioned, no.

MR. FOSSELLA: So it wasn't anybody's fault. Again, we're not trying to point fingers here. They were proposed in the '70s. You say they weren't implemented in the '80s. Presumably, you would have had the power to do it in the last -- not you personally, but the agency -- in the last four years, five years, six years, seven years, and that wasn't done, right?

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MS. BAILEY: That was not done.

MR. FOSSELLA: OK. Thank you very much. I yield back to the Chairman.

MR. TAUZIN: I thank the gentleman. The chair recognizes the gentleman from Illinois, Mr. Rush.

MR. RUSH: Thank you, Mr. Chairman.

Dr. Bailey, I know that you've been here for probably longer than you would have liked to been and hopefully this will be very brief.

My first question to you is why has NHTSA allowed Ford to sell tires that can be failed to PSI beyond the federal testing standards? If that's the case, then why is that the case?

MS. BAILEY: You mean Ford's recommendation to set it at 26 pounds per square inch rather than above 30? There is not, to my knowledge, a mechanism in place that would allow us to interfere with that kind of a recommendation, but I think it is a valid point and something I would like to review.

MR. RUSH: Do you think that there's possible some type of regulatory initiatives that you would be able to take?

MS. BAILEY: There may be, but I think the question really is one for Firestone, too. They produce the tires and recommended that they be inflated at a higher rate. So that -- that's where perhaps the question -- the answer would lie.

MR. RUSH: OK. If you had known in '97 or in '98 about the Middle East and the recall in the Middle East and also Venezuela, can you comment on what you thought -- think that your agency might have done had you had that information?

MS. BAILEY: I would have initiated an investigation.

MR. RUSH: Do you think -- what do you do recommend that this Congress do to assist you in terms of giving you more statutory authority or regulatory authority to ensure that this problem doesn't reoccur in the future?

MS. BAILEY: I hope to very quickly determine what our regulatory authority is. And if we don't have enough, I would want to work with Congress to get a statutory remedy for that.

MR. RUSH: Thank you, Mr. Chairman, I yield back.

MR. TAUZIN: I thank the gentleman. The chair recognizes the gentleman from Oklahoma, Mr. Largent.

MR. LARGENT: Thank you, Mr. Chairman.

(inaudible) welcome to Washington.

MS. BAILEY: Thank you.

MR. LARGENT: I hope you brought a dog. This is kind of baptism by fire, I think. My colleague from Illinois said that you've probably been here longer than you'd hoped. I would say just the opposite. I wish you had been at NHTSA longer than you had and that your organization would have sent somebody that actually had been in place that we could ask questions of here today.

Why would the National Highway Traffic Safety Administration send somebody that's only been there for three weeks?

MS. BAILEY: I hope because they have confidence, not so much in me, but in the wonderful staff at NHTSA who work diligently to provide safer highways for Americans.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. LARGENT: Well, unfortunately, we don't get to question staff. We just get to question you. And I think that it was a poor decision by NHTSA to send somebody that's only been there for three weeks. So I apologize to you for kind of throwing you into this, but I do have some questions based upon your testimony that you submitted to this committee.

Earlier, one of my colleagues asked you about a database that you received called FARS, Fatality Accident Reporting System. And my question to you, in your testimony, it said on page four, "We opened a preliminary evaluation on May 2 of 2000. At that time, the agency was aware of 90 complaints, including reports of 33 crashes and four fatalities."

Those figures, 90 complaints, 33 crashes, four fatalities that initiated the preliminary evaluation on May 2, were some of those statistics derived from this database called FARS?

MS. BAILEY: No, they were all complaints that were received in the normal fashion. No, to my knowledge, they were not part of the FARS data, that that is information that was obtained in the usual fashion.

MR. LARGENT: OK. Then that leads me to this question. It seems to me -- some of my colleagues have alluded to the problem at NHTSA really was that you didn't have enough information. I would suggest that maybe you had too much information. Because my question then goes back to this FARS, Fatality Accident Reporting System, that contains all vehicle-related fatalities reported to NHTSA by law enforcement.

MR. TAUZIN: The committee will be in order. Will the gentleman restate his question?

MR. LARGENT: Yes. What the heck do you guys do with this database that's reported to you by statute from all of the law enforcement agencies around the country? What do you do with this? Because in -- let's see, it says in -- from '98, from the end of '98 you had information in that database given to the National Highway Traffic Safety Administration that there were 29 fatalities from accidents in a Ford Explorer fitted with Firestone ATX, ATX2, or Wilderness tires. What's the problem there? You got all this information from '98 and yet it takes -- you either ignore this or don't look at it or -- what happens to this information?

MS. BAILEY: The '98 data you're referring to is the State Farm data?

MR. LARGENT: No, I'm not. I'm referring to the FARS, Fatality Accident Reporting System, that you had access to at the end of '99 that reported 29 fatalities from accidents in a Ford Explorer fitted with Firestone ATX, ATX2, or Wilderness tires, that the agency had access to.

MR. LARGENT: What is going on with that database? What are you doing with it?

MR. BAILEY: I assume that this is included in the information of the 46. I will provide that for the record and ascertain the answer to your question.

MR. LARGENT: OK, but do you understand what I'm saying. In other words, you had this information a year ago.

MR. BAILEY: I think that's part of the database.

MR. TAUZIN: Would the gentleman yield for a second?

MR. LARGENT: Sure.

MR. TAUZIN: The 46 instances that you keep referring to are complaints from consumers who called in and reported incidents to you, correct?

MR. BAILEY: Correct.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. TAUZIN: What Mr. Largent is referring to is a law enforcement reporting system that reported to you, separate of any constituents or consumers reporting, 29 deaths related to Ford Explorers fitted with these Firestone tires. And that information was available to you as early as -- when was that Steve?

MR. LARGENT: In '99.

MR. TAUZIN: Ninety, it was a '98 statistic. And the question he's asking is why didn't that trigger action by the agency?

MR. BAILEY: If in fact that information is totally separate from the data that we received in the year '97, which did include the information I referred to in that decade, then I would want to know why that information was not combined in the database. But I -- there is the possibility that it is. I will take that for the record and ascertain exactly what happened to that information and whether or not it overlaps with the database you're talking about.

MR. TAUZIN: Steve, if you'll yield again.

I want you to get a picture of our frustration with this system. Here we have an agency that is receiving independently by 1998, by your testimony, about 30 complaints of tires, failures, most of them separations leading to serious injuries or accidents, what have you.

You have a State Farm report that's filed to your office with another 21 incidents, two fatalities. You've got a FARS report coming in from the law enforcement agencies saying 29 fatalities. You're getting an awful lot of information. Mr. Largent is pointing out that you're getting a heck of a lot of information that something is terribly wrong out there.

People are dying in Ford Explorers outfitted with these Firestone tires and nothing happens until a station in Houston, Texas, runs an expose on it in 1999. And the frustration we all have with this is the argument that your agency is making that you weren't getting enough information. You were getting information about people dying on the highways constantly from State Farm, from FARS, from individual complaints to your agency, and nothing happens.

And the concern we all have is why didn't that trigger something happening? Why was five complaints without a fatality in '94 enough to trigger an investigation? But all of this information was not.

There's something -- there's a disconnect here that I don't understand and I can't for the life of me understand why anybody in America could understand it today. And if we're going to move from this place to a place where it doesn't happen again, we have to understand what broke down.

Why did this e-mail get filed away? What did this FARS report get ignored? Why wasn't there somebody at the agency looking at all this information together and understanding that there was something awfully wrong in the highways of America and that something ought to be done about it.

Now, I know you can't answer that. That's what frustrates us, that we don't have a good answer to that.

And I thank you, Steve. I'm sorry. I got a little excited but we -- we're talking about, again, life and death.

And I don't know how many people -- Mr. Wynn said it -- how many people died unnecessarily because the recall didn't come until '99 when it could have come -- or 2000 -- when it could have come in '98 if somebody had been, you know, awake and not asleep at the switch somewhere.

Thank you, Steve.

MR. LARGENT: Do I have any time left, Mr. Chairman?

(LAUGHTER)

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. TAUZIN: The chair will extend the gentleman's time.

MR. LARGENT: Thank you very much. I -- let me say, in conclusion, I would just like to say that I appreciate where we are today.

MR. LARGENT: My chief of staff has a Mercury Explorer like car with these tires on it. Just got them taken off. Has a little baby that's just turning a year old. So, I'm glad where we're at now. The question is why we couldn't have been there sooner and if in fact, as the chairman mentioned, we could have avoided some of the tragedies that have occurred over the last 12 months.

My question, Dr. Bailey, would be, what, if anything, will the National Highway Traffic Safety Administration do differently as a result of this experience?

MR. BAILEY: We will be answering some of the questions that are asked here today. I'm asking those same questions. I will certainly into the FARS data as to whether there is an overlap between our database and that information.

As I've indicated, we clearly need in a global market place to have information from around the world. We are seeking to do that. We will find a remedy for that and we will find a way to obtain claims information that would have let us have the knowledge that would have initiated an investigation sooner.

MR. LARGENT: Thank you Mr. Chairman. I yield back.

MR. TAUZIN: I thank the gentleman. If there are no further requests for time, Dr. Bailey, let me again thank you. I know this was hard on you for only three weeks on the job. You have in my opinion done a very remarkable job considering those circumstances.

Please tell your boss for us. I wish he had come today.

MS. BAILEY: Yes, sir.

MR. TAUZIN: And you are dismissed.

MS. BAILEY: Thank you.

MR. TAUZIN: The chair will now call the second panel. And before I do, let me make an announcement. There will be votes at 6:00, ladies and gentlemen. There will be a series of three votes on the House floor. We will get interrupted for that vote and then we will come back and continue the hearings until we complete them. And I apologize for the length of the hearings to all of our witnesses, but this is again awfully serious business.

We will call the second panel which consists of Mr. Masatoshi Ono, chief executive officer of Bridgestone-Firestone Incorporated, accompanied by Mr. Gary Crigger, executive VP of business planning of Bridgestone/Firestone, and Mr. Robert Wyant, vice president of quality assurance. Before we begin the testimony I will recognize the gentleman from Michigan to administer the oath of office.

I believe you have to stand up to do it. I failed to do that, Freddie.

MR. UPTON: I noted that.

MR. TAUZIN: Mr. Upton is recognized to administer the oath, rather the oath of truthfulness.

MR. UPTON: Gentleman, as you understood from the first panel, we have a longstanding tradition of taking testimony under oath. Do you have any objection to that?

(UNKNOWN): No.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. UPTON: Committee rules also allow you to have counsel if you want, counsel to help represent you. Do you desire to have counsel represent you.

(UNKNOWN): We're advised by Colin Smith (ph) that...

(UNKNOWN): Counsel is present.

MR. UPTON: If he could just announce his name for the record and state also...

COLIN SMITH (ph), COUNSEL: Yes, I'm Colin Smith of the law firm Holland and Knight (ph).

MR. UPTON: OK, if you'd raise your right hand. Do you swear to tell the truth, the whole truth, and nothing but the truth, so help God?

WITNESS: Yes.

MR. UPTON: You are now under oath. And I yield back to Mister -- Chairman Tauzin.

MR. TAUZIN: Thank you, Mr. Upton.

Mr. Ono, you are recognized to give your statement, sir. Your written statement is a part of the record and you have five minutes to summarize that statement at this time.

MR. ONO: Chairman Tauzin, Mr. Upton and the member of the committee, thank you for providing me with this opportunity to appear before you here today.

I have practiced my speech so that I may deliver it in English. However, I must use the translator and two of my senior executives to respond to questions.

I am 63 years old and I have never made a public appearance like this before. So I am more than a little bit nervous.

As chief executive officers, I come before you. I apologize to you and the American peoples, especially for the family, they have lost loved one, terrible, in this rollover accident.

Also came to accept full and personal responsibility on behalf of Bridgestone-Firestone for the event that lead to this hearing. Whenever people are hurt or fatally injured in automobile accident, it is tragedy. Whenever people are injured while riding on Firestone tire, it is cause for the great concern among Bridgestone/Firestone management and our 35,000 American employees.

On August 8, we met with the National Highway Traffic Safety Administration.

MR. ONO: We review what we knew at that time about the performance of the tire which are associated with tread separation and accidents primarily on the Ford Explorer vehicle.

On the following day, August 9th, Bridgestone/Firestone announced a voluntary safety recall of the 6.5 million tires. Since that time, our highest priority have been to complete the recall as quick as possible and to determine the root cause of the tire failure.

At this time, we have replaced nearly two million of the recalled tire. We have maximized our worldwide production of replacement of the tire that have been recalled. To speed up the process, we are using our competitors tire and airlifting additional replacement tire and these shipment will continue as long as necessary.

We have teams working around the clock using all our available resource to try and determine the root causes for the tire problem. We are reviewing every aspect of our manufacturing and quality control process. This includes

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

microscopic examining of the many recalled tire. In addition, we are working with Ford Motor Company and expert to thoroughly examine every possible cause. Unfortunately, I am not able to give you a conclusive causes at this time. However, you have my word that we will continue until we find the cause.

While we search for the root causes, we are also undertaking the following action.

First, we will appoint an outside independent investigator to assist in the analysis and determine the root causes of the tire problem. We have experienced -- we are taking this action to help assure you and the public that Firestone tire are reliable in the future.

Second, we will fully cooperate with this committee about the safety as well as the problem that have occurred with our tires. We will release data and the information in order to assure consumer safety with our product.

Third, we are accelerating the rollout of the nationwide consumer education program. The program will be run through more than 7,000 company store and the Firestone dealers. It will provide consumer with the information on proper tire maintenance through the use of their in-store video, show room display, brochure, windshield tag and the tire pressure gauges.

Fourth, we pledge to continue working with the NHTSA towards developing (inaudible) understanding and complete reporting of accident and developing the approach that make it easier for driver to determine the pressure.

With your permission, I would now like to ask two of my senior executive to join me so we can more efficiently respond to your question. Mr. Gary Crigger is a executive vice president, business planning, and Mr. Bob Wyant is a vice president, quality assurance.

Thank you, Chairman.

MR. TAUZIN: Thank you, Mr. Ono.

Mr. Ono, the one thing you didn't commit to do is to agree to recall the 1.4 million tires that NHTSA has announced just a minute ago should be recalled in their opinion. Why not?

MR. CRIGGER: I believe I can address the question, Mr. Chairman. The requested recall on the 1.4 million tires involve several populations of tires and the use of claims data, in some cases where only one claim was made against an entire population of tires.

We're looking at all of those. We're trying to analyze what should happen in all of those cases. We don't think that we have at this point a standard based on claims that would be relevant to that population.

Many of those tires are tires that are used in hard service and different conditions. And the claims represent -- represent claims, not necessarily defects. And we need to investigate those before we can make a determination.

MR. TAUZIN: Now, our investigators, for a week now, have been requesting information from your company as to what tests were run on these Firestone tires. Specifically, we have been requesting information as to whether Firestone ever speed tested these Firestone tires on a Ford Explorer under conditions of 26 pounds per square inch pressure.

Your company, as of last night, informed us that it couldn't tell us what tests were run and what were not run. Is that correct?

MR. CRIGGER: I believe I should defer to Mr. Wyant for that issue.

MR. TAUZIN: Mr. Wyant.

MR. WYANT: I'm not certain I understand your question.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. TAUZIN: Let me be -- let me be clearer then. We have asked you for a week to tell us what tests were run on these Firestone tires under speed conditions and 26 pounds per square inch. As of last night, your folks have informed our investigators that they could not give us this information. Is that correct and why not?

MR. WYANT: I heard you say on a vehicle and that's why I asked you to repeat the question. The question, as I understand it, is a request for data on high speed testing. And certainly we have done high speed testing. It is my understanding...

MR. TAUZIN: No, no, no. Let me ask again. We have asked for a week now for documents identifying what tests were run at high speed. You have -- if any -- you have not provided them to us.

MR. TAUZIN: As of last night, we were told you could not provide them to us at this time. Is that correct?

MR. WYANT: My understanding is that we've provided computer printouts of this high speed testing...

MR. TAUZIN: Well, let me -- let me make a request upon you and ask for your commitment. This committee has the power of subpoena and I can put it to a vote if necessary. I would rather not do that. I would rather your company at this moment commit to us to give to this committee the records of all speed tests done on Firestone tires at 26, 30, 32, at 35, at whatever pounds per square inch they were tested from 1990 to the present time.

MR. WYANT: We will certainly give this committee any data that they request. As I understand...

MR. TAUZIN: I am just requesting it. Do I have a commitment to you that we will receive it...

MR. WYANT: You have a commitment. The answer is yes.

MR. TAUZIN: I do not have to subpoena it?

MR. WYANT: You do not have to subpoena us for any of this information.

MR. TAUZIN: Now let me ask you, did you, to your knowledge, test Firestone tires under speed conditions at 26 pounds per square inch?

MR. WYANT: I cannot confirm that and that's what this around-the-clock search has been, because there's numerous high speed tests, as was mentioned by Dr. Bailey. There are different standard tests which measure high speed characteristics of tires, and then there in some cases, limited cases, are high speed tested, tests that are conducted at application inflation.

MR. TAUZIN: The answer is you do not know.

MR. WYANT: I do not know...

MR. TAUZIN: We will only know once you submit the documents to us.

MR. WYANT: That's correct.

MR. TAUZIN: Number three, we have in our possession a memo from Ford Company reference to the Saudi Arabian replacement of tires. It reads as follows: "Firestone legal has some major reservations about the plan to notify consumers and offer them an option. First, they feel that the U.S. DOT will have to be notified of the program since the same product is sold in the United States."

Is that report in this Ford memo accurate?

MR. WYANT: I'm not -- I'm not aware of the particular meeting or comments, but I do know that in Saudi Arabia the action was taken not -- was taken by Ford and it was taken as a customer satisfaction issue. Both...

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. TAUZIN: Was the position of Firestone legal in 1999, when this action was taken, that one of the reasons you didn't want to assume responsibility for a recall in Saudi Arabia was the concern that Department of Transportation officials in the United States would find out about it?

MR. WYANT: No, sir, I'm not aware of the legal department's opinion on that issue.

MR. TAUZIN: You're not aware of it.

MR. WYANT: What I am...

MR. TAUZIN: Mr. Ono, were you aware of it?

MR. ONO: (inaudible)

MR. TAUZIN: Mr. Wyant, are you aware of it?

MR. WYANT: What I am...

MR. TAUZIN: OK. Mr. Ono, have you answered sir? Were you personally aware of your legal department's position that it didn't want DOT to find out about a recall in Saudi Arabia?

(UNKNOWN): Mr. Chairman...

MR. TAUZIN: It's document number 39 in the book if you wish to refer to it.

MR. ONO (THROUGH TRANSLATOR): That I am not aware of.

MR. TAUZIN: Mr. Wyant, are you aware of it?

MR. ONO (THROUGH TRANSLATOR): No, I have...

MR. TAUZIN: I'm sorry, go ahead.

MR. ONO (THROUGH TRANSLATOR): That I am not aware of, though I was informed that there was a recall in Saudi Arabia...

MR. TAUZIN: I'm sorry. I can't hear you. Take the mike please.

MR. ONO (THROUGH TRANSLATOR): I was not aware of that. But I was told that there was a recall in Saudi Arabia for customer satisfaction reasons.

MR. TAUZIN: Mr. Wyant, are you aware of the position that Ford -- that the Ford document refers to, that Firestone was concerned about DOT finding out about a recall in Saudi Arabia and therefore preferred not to have a formal recall?

MR. WYANT: I am not aware of that discussion and did not participate in it. I am aware that there were some discussions involved with that. But that was through counsel, I believe.

MR. TAUZIN: So, you are aware that there were discussions regarding not agreeing to a recall because it would trigger information to DOT?

MR. WYANT: I'm not aware of the direction as you stated. I am only aware that there was a conversation concerning that reporting process.

MR. TAUZIN: When were you aware of that?

MR. WYANT: I've only recently become aware of that.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. TAUZIN: How did you become aware of that?

MR. WYANT: I was made aware of it this afternoon. I did not participate in that process.

MR. TAUZIN: Who made you aware of it?

MR. WYANT: Counsel.

MR. TAUZIN: So legal counsel for Firestone has now informed you that there was such discussions in 1999 with Ford?

MR. WYANT: That's correct.

MR. CRIGGER: I think -- let me correct -- I think what legal counsel has informed is that they said there was a question about this issue, not that this was a position that was taken.

MR. TAUZIN: Well, let me try again, Mr. Wyant. What were you informed? Mr. Crigger is apparently editorializing your comments. Tell me what you were informed.

MR. WYANT: I was simply informed that there was a conversation concerning this subject. That's all I really know about it.

MR. TAUZIN: But that -- the subject was discussed. And were you informed that Firestone did in fact have a concern about DOT finding out about a recall in Saudi Arabia?

MR. WYANT: I was not informed about any position of that sort.

MR. CRIGGER: No, sir if I could...

MR. TAUZIN: Mr. Crigger, try again.

MR. CRIGGER: If I could elaborate. There was no decision by Firestone legal that impacted the recall in Saudi Arabia or the customer satisfaction action of Ford. There was a joint technical team of both Ford and Firestone that reviewed product in Saudi Arabia and found that there were not conditions -- that the conditions present did not indicate any defect in tire.

MR. TAUZIN: Mr. Crigger, the memo we have from Ford says that Firestone had two reasons why they were concerned about notifying customers and offering them an option. I assume an option to replace a tire. The first was that U.S. DOT would find out about it. And the second was that the Saudi government would see a recall -- see it as a recall and react dramatically.

Is this memo accurate?

MR. CRIGGER: I am not aware of that memo or the meeting. I am aware that Firestone legal informed us that there was a question about this issue, but not that there was an opinion about the issue.

MR. TAUZIN: Did Firestone at any point following this recall on its own seek to inform DOT that these tires were being replaced in Saudi Arabia?

MR. CRIGGER: No. Firestone took no action in Saudi Arabia.

MR. TAUZIN: Did you read this memo?

MR. CRIGGER: No, I have not read that memo.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. TAUZIN: Did you read it, Mr. Wyant?

MR. WYANT: I have not read that memo.

MR. TAUZIN: Why don't you take time and read it since we're talking about it. It's paragraph four of the document.

It's two volumes so you -- here you are -- you have it in front of you now.

Mr. Wyant, now you're looking at it, look at paragraph four and you will see the recitation of Shute (ph) Sealnok (ph) -- I can't pronounce his names -- the recitation of his version of what was going on and why Firestone objected to notifying customers and offering them options to change out tires.

You want to comment on it, any one of you? Mr. Crigger?

MR. CRIGGER: The only comment I have -- I have no knowledge of this particular issue. But the only comment I have is that the action that was taken in Saudi Arabia was a customer satisfaction action. A team of both Ford and Firestone looked at the tires, made an evaluation that there was no defect involved, that there were unusual circumstances. There were circumstances of people reducing air pressure in tires to run in the sand...

(CROSSTALK)

MR. TAUZIN: ... there were people dying and accidents and Ford auto dealers were calling Firestone people complaining about the safety implications of these tires and you saying that it was a consumer satisfaction issue?

MR. CRIGGER: But there were no -- there was no evidence of any defect.

Yes, there were failures, but they were due predominantly to under-inflated tires, to bad punctures and this sort of activity which was discovered by the technical team.

MR. TAUZIN: I'm going to have to wrap because we all have time limitations. I want one other question for Mr. Ono.

MS. WILSON: Will the chairman yield?

MR. TAUZIN: I would be happy to yield to Ms. Wilson.

MS. WILSON: I just want to follow up on this. You say that there was no defect and this was all just consumer problems and under-inflation and so on.

MS. WILSON: This is a internal Firestone document which I think you probably recognize. Can you tell me why it is that so many more consumers were under-inflating their tires in 1996 as opposed to other years earlier? What changed in consumer behavior?

MR. CRIGGER: The response that I was giving previously was in response to the Saudi Arabian issue.

MR. TAUZIN: Well, I thank the gentlelady. That's where I was going. Let me ask you quickly. Look at those statistics. Look at the chart. These are your documents. Ms. Wilson has just shown you an internal document of Firestone.

MR. CRIGGER: Yes.

MR. TAUZIN: A huge spike in claims for tire separations, 80 percent of those are separations of Firestone tires resulting in serious accident, injuries, bodily and property damage. She's asking the question we should all ask. Is that because consumers were changing the inflation on their tires in one year out of all these years.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. CRIGGER: No, obviously not.

MR. TAUZIN: Obviously not. So why do you keep making that claim? Why do you keep telling the American public it's their fault, that they're inflating their tires wrong, when we look at statistics that indicate that something's wrong with these tires?

MR. CRIGGER: We don't mean to say that it's America's fault. It's not. We're very concerned about all of the incidents that have occurred. We regret terribly what's happened. And if we could have prevented it, we would have prevented it. Unfortunately, this kind of data, this kind of claims data is...

MR. TAUZIN: Maybe if you weren't so interested in keeping the facts from the Department of Transportation, maybe you would have prevented it.

Mr. Markey is recognized.

MR. MARKEY: Thank you, Mr. Chairman. And I'm going to continue down this same line of inquiry so that I can understand what it was in Saudi Arabia that your company did not think was relevant to the American marketplace.

Mr. Ono, what is unique about Saudi Arabian driving that would not be relevant to the American marketplace since this vehicle is advertised as an all-terrain vehicle? They are Wilderness tires. What is it about unusual conditions in Saudi Arabia that would be different from how this tire is advertised for use in the American marketplace?

MR. ONO (THROUGH TRANSLATOR): Well, the first I think I can mention will be the speeds at which the vehicles are driven. We're looking at, I would say, an average of 100 miles per hour. And also I would mention the heat that is involved that is hot. Also, I would mention the severely under-inflated tires and I would consider it as a major cause. And also, coming to the United States, you realize that in comparison there is a lack of care for the tires. That would be my conclusion.

MR. MARKEY: Mr. Ono, are you aware that most of these accidents have occurred in the southern part of the United States? Are you aware that it's very warm in the southern part of the United States? Are you aware that in many of the areas of the United States that, because of the great distances that these vehicles are driven at great speeds and over terrain which would be equal in terms of the test which it would place this tire at.

MR. MARKEY: Why do you -- why did you not in your corporate analysis take your -- take the experience which you had in Venezuela and in Saudi Arabia and relate it to the fact that most of these accidents in the United States were occurring in our hot climates, in our more rural areas, where they would be used in almost the identical conditions as they were being used in Saudi Arabia and Venezuela?

That's a question for Mr. Ono.

MR. ONO (THROUGH TRANSLATOR): First of all, as far as the Venezuela issue is concerned, I would mention that they were primarily locally made tires. So the materials were different, so I would say they were different. Also, with regard to Saudi Arabia, I mentioned under-inflated tires being used frequently in operation. And...

TRANSLATOR: Interpreter correction: Correcting the reference made about under-inflation referring to Venezuela as well as Saudi Arabia.

MR. MARKEY: How does the Mr. Ono differentiate between...

TRANSLATOR: The interpreter has not finished the interpretation.

MR. ONO (THROUGH TRANSLATOR): And as far as Saudi Arabia is concerned, there is rough terrain there. And so road hazards are very frequent, and for that reason I would not equate the two as being the same.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. MARKEY: If I could just tell Mr. Ono, let me speak back to Mr. Ono again, Mr. Ono has to understand that the United States in its southern area is very warm, in many parts over 100 degrees for the entire summer. Most of these accidents have occurred in that part of the country. By not relating the obvious similarities between Saudi Arabia and the United States, you give our consumers the impression that you don't care about their safety even though the conditions are very similar to those in Saudi Arabia.

MR. ONO (THROUGH TRANSLATOR): Well, that's not the case because we give first priority to safety.

MR. CRIGGER: If I could add a couple of points I think would be helpful here. The committee does have, I believe, a copy of the Middle East tire survey that was done at the time to review the Saudi Arabian situation. And there were two things. One, the tire that was being discussed in that was a 16 inch tire. And all of our data that we have about the performance of the 16 inch tire in the United States says that it's fine, it meets all the parameters that we want for safety and for quality. So we didn't have any indication that there was a problem.

But we did do, along with Ford, a test in the Southwest where we pulled off tires in those hot climates and checked those tires. And we found no problem in the tires. So the follow-up to that showed that there was not an issue that was...

MR. MARKEY: The problem that you have here, Mr. Crigger, is that the kinds of conditions that Mr. Ono is citing as the reason why you would not share that information with the American consumer is that the conditions are different, when in fact the conditions are identical. And so, for us, it appears that Firestone was hiding information from the American consumer that was directly relevant to the safety of their families in vehicles using Firestone tires.

MR. TAUZIN: The gentleman's time has expired. Mr. Ono may respond if he'd like to.

Mr. Ono?

MR. ONO (THROUGH TRANSLATOR): Yes.

MR. TAUZIN: Would you like to respond to the gentleman's statement?

MR. ONO (THROUGH TRANSLATOR): Well, it's not that we're hiding information, we have conducted this research with Ford and we have shared our data with Ford. And certainly, in addition to being hot, it was the severely under-inflated tires driven at high speeds. And I would say these were the measure of factors. And I'm referring to Saudi Arabia.

MR. TAUZIN: The gentleman from Michigan, Mr. Upton, is recognized, the chairman of the Oversight Committee.

MR. UPTON: Thank you, Mr. Chairman. Mr. Crigger and Mr. Wyant, these numbers that are on the board here, 294 claims in '97, 384 claims in '98, 772 claims in '99, when did those -- did those numbers actually cross your desk? Did you see that as those years came about?

MR. CRIGGER: I did not.

MR. UPTON: You did not?

MR. CRIGGER: I did not.

MR. UPTON: Mr. Wyant?

MR. WYANT: No, I did not.

MR. UPTON: Who at Firestone tracks these numbers?

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. WYANT: Those I believe, I can't tell, but I believe those are property damage claims, property damage claims. Is that correct?

MR. UPTON: So you don't -- so you don't -- in your role, you don't -- you don't see those numbers on even a yearly basis?

MR. CRIGGER: No, sir. I personally don't see those.

MR. WYANT: I believe they're reported on an annual basis, but to put it in context, the normal process for our company, and I believe for the tire industry, although there may be some disagreement on that, I believe the standard or norm is the customer warranty adjustment process where it's customer satisfaction driven. And it is not customary to utilize claims because typically the claims are very low and you can't use them to assess product performance or product quality.

MR. UPTON: Well, I tell you what concerns me. This is a letter and it's in the book someplace in there. But I'll -- I'll just read it to you. It's brief.

This is a letter from John Behr, B-E-H-R, an account executive at Firestone to Ford Motor Company.

MR. TAUZIN: Document 17. Document number 17.

MR. UPTON: Document -- thank you -- document 17. It's very -- it's after the Saudi recall. It's dated on, I thought, the 11th of March, the 11th of March of 1999. And it just says this: "Obviously that return rate is extremely low and substantiates our belief that this tire performs exceptionally well in the U.S. market." I'll just repeat that for emphasis: "Performs exceptionally well in the U.S. market."

Now, as I've looked at some of the statistics with regard to the tires that have been a majority of the claims, the tires in question amount to about 10 percent of Firestone's total tire production from '97 to '99; 10 percent of the tires.

Yet, better than 50 percent of all the tire claims are these tires. Shouldn't that have put Firestone on notice that there was some problem with these tires, particularly when 50 percent of those tires were from the Decatur plant?

I mean, if that isn't a signal that you've got a problem with the tires versus everything else that you produce, how is it that you tell Ford in this letter that everything -- "tire performs exceptionally well"? That's an "A."

MR. CRIGGER: I believe in this case, sir, you're -- you're looking at the P25570R16.

MR. UPTON: Right, for the Explorer...

(CROSSTALK)

MR. CRIGGER: Yes, but this is -- this is the 16 inch tire. This tire performs exceptionally well. The tires that have the safety issue that we have recalled are the P235...

MR. UPTON: But these were recalled, though, right, in Saudi Arabia? Were these tires not recalled there...

MR. CRIGGER: These are the...

MR. UPTON: ... or replaced?

MR. CRIGGER: The 16 inch tire in Saudi Arabia was replaced by Ford on the basis of customer satisfaction, but not on the basis of defect of the tire. As I mentioned, both companies looked at the performance of the tire. And you have a copy of our report. And the technicians concluded that it was not a tire defect that was involved here.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. UPTON: Well, what do you -- what do you do with the tires when you know that 50 percent of the tire claims coming from 10 percent of your production have problems?

MR. CRIGGER: What we did...

MR. UPTON: I mean, you've known that. You look at this chart. You've known that for three years.

MR. CRIGGER: Unfortunately, in hindsight, you're right. We wish we had looked at claims the way we've now looked at claims.

MR. CRIGGER: Claims have never been a performance indicator. I know, now looking back historically, it's something that we wish we had seen. But we had always looked at the indicators that we would normally use and that the industry uses -- the performance testing, the tire warranty information, which is the largest pool of information concerning the performance of the tire, and of course inspection of tires in the field. And all of those indicators indicted all along that these tires were fine. They were performing well. They had good numbers with respect to adjustment and so on.

Only after we got into this in more depth, certainly after we saw claims, particularly the serious injury claims mounting this year, did we begin to collect information of all kinds and, yes, we analyzed, along with Ford, information associated with claims.

MR. UPTON: OK. My time is limited and I want to keep moving. Chairman Nasser in his testimony on the next panel says this at the end. It says, "It has been standard practice in the automotive industry that tires are the only part of the vehicle not warranted by the vehicle manufacturer. They are the only part for which manufacturers do not receive field performance data. At Ford, this will change."

I presume he's going to add emphasis when he delivers that in his statement.

Are you going to agree with Ford's request?

MR. CRIGGER: Are we going to...

MR. UPTON: Allow them to receive your field performance data?

MR. CRIGGER: We're going to cooperate with Ford, yes.

MR. UPTON: And he is correct that you did not provide that material up to this point. Is that correct, Mr. Wyant, that would be a better question for you?

MR. WYANT: The claims data has not ever been used for measurement of tire performance, but adjustment data has.

MR. UPTON: Well, this is field performance data. I presume that that means testing it on the track. Maybe...

MR. WYANT: They see every bit of all the field performance data that is devoted to approving a tire. I believe that's referring to adjustment data which is periodically reviewed, but if they want larger review, or total review, I don't think we'd have any problem with doing that.

MR. UPTON: Have they requested that in the past and you've not delivered?

MR. WYANT: Only periodically and in special circumstances, and I think there was a review on -- and I might be wrong, I'm on memory here -- on this particular tire. That the 16 inch Explorer tire that was reviewed with Ford, to my knowledge, that was a request to do that and we complied.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. UPTON: OK, I talked with some of my Firestone dealers in my district this morning, and they indicated that all of the tires that they are swapping with customers, all the tires that they are then retrieving from customers, are in fact going back to Firestone. Have you found anything yet from any of the tires that you've taken back from customers?

MR. WYANT: At this point there's maybe thousands, certainly there's over 500 tires back in Akron when we came here. There may be over 1000 now. I'm not certain of that. And they are being micro- analyzed by our own people, the Ford people, and outside parties, including outside laboratories and specialists, to try to determine the cause, because unless we come up with cause, we don't have an answer to the problem.

So we must find the cause and we are doing everything we humanly can to find that, and believe me, there is nobody that wants to find cause more than we do.

MR. UPTON: Last quick question, there is a shortage of tires to be used as replacement tires, as I've heard from my folks in Michigan. During this shortage, is Firestone allowing other manufacturers' tires to be used as replacement tires?

MR. CRIGGER: Yes, we've opened it up so that any tire that a consumer can find for their vehicle, they may take that tire as a replacement and then we will reimburse them.

MR. UPTON: So whether it's a Goodyear or General, it doesn't matter?

MR. CRIGGER: That's correct. And we've gotten good cooperation from our competitors to increase supply of tires.

MR. MARKEY: Would the gentleman yield for a second please?

MR. TAUZIN: The gentleman's time is about to expire. I will be happy to extend him 30 seconds for a yield. Go ahead.

MR. MARKEY: On this recall, is Firestone going to reimburse for the labor as well?

CRIGGER: We're...

MARKEY: It was original equipment. In addition to the new tires, will you also give the \$50 or \$75 to the consumer to have them remounted and...

MR. CRIGGER: We're reimbursing up to \$100 per tire for consumers who have other product put on the car if they're able to find a competitor tire.

MR. MARKEY: Is that -- does that include the labor to put the tire on?

MR. CRIGGER: Yes, to my knowledge, that accounts for the complete replacement.

MR. TAUZIN: The gentleman's time is expired.

The gentleman from Michigan, the ranking minority member of the full committee, Mr. Dingell, is recognized.

MR. DINGELL: Mr. Chairman, I thank you.

Gentlemen, you've indicated that Ford conducted an analysis that Firestone has claimed as data. Ford is your largest customer. Ford requested the data on June 8th. Firestone did not give it till July 28th, seven weeks later. Can you tell me why?

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. WYANT: Ford did request that data in conversation. It was subsequently further solidified in a phone call request. And in response to them, we requested confidentiality of the data as it was submitted to NHTSA with confidentiality. And my recollection is it took approximately four weeks to get confidentiality agreed to. And then we submitted the data.

MR. DINGELL: Ford didn't want to give you confidentiality but you wanted confidentiality.

MR. WYANT: That's correct.

MR. DINGELL: All right.

Now, as recently as April 28 of this year, just four days before NHTSA initiated its investigation, Firestone provided Ford with assurances that its Wilderness and ATX tires were OK. I would refer you to the memo from Mr. Robert O. Martin, Bridgestone/Firestone's vice president for corporate quality assurance. In that memo, Mr. Martin says Bridgestone/Firestone's Akron technical center analyzed 243 car tires taken off 63 Ford vehicles and their mileage ranged from 11,320 to 76,092 miles. According to Mr. Martin, and I quote, he said as follows, "Examination of the tires revealed no tire deficiencies and that the tires performed as expected." That's in addition to the other memo that we have here which says approximately the same thing a year earlier.

Can you tell me how Firestone's technical center missed seeing the problem?

MR. CRIGGER: This was the southwest test that I referred to earlier. I don't think there was a problem found in these tires. That was the point of the test. It was a follow-up.

MR. DINGELL: But there was -- you will note that this is four days previous to the time that NHTSA initiated its investigation, a time following a number of things, including the television show which was shown earlier pointing out major defects in those tires.

MR. CRIGGER: Well, I think the population of tires is huge. There's 14.4 million tires involved in the population that was recalled. And...

MR. DINGELL: You had also had complaints during this time and previous to this time about Bridgestone/Firestone tires, had you not?

MR. CRIGGER: Yes, we had complaints.

MR. DINGELL: OK. Now let's go on here. Firestone recall affected a number of Ford vehicles. It also effected Mazda Navajo SUVs and B-Series pick-up trucks. The NHTSA advisory last week also effects the Chevy Blazer SUV and three model years of Nissan pickup trucks.

Now, these -- there are a number of different vehicles and a large number of vehicle models that were made by different manufacturers. Doesn't that tell you there must be something wrong with the tires and not with the vehicles?

MR. CRIGGER: We certainly had our concerns and safety issues about the tires and that's why we recalled the tires that we did. That's a fact. And we're looking now for the root cause. But even though these incidents are horrible and we regret everyone and we wish we could change it, it nevertheless is a small population that we're trying to identify in terms of root cause.

MR. DINGELL: So you had failures on these tires, though, on a large number of different vehicles of different models. Now tell me how the plant at Decatur operated during the period...

MR. CRIGGER: Excuse me, Congressman?

MR. DINGELL: ... during the period of the strike which began in July of 1994 and ended in December 1996.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. DINGELL: I am told that replacement workers first entered the plant in January 1995. Now I would ask, first of all, how many of these replacement workers were used for inspectors, quality control and positions like allers (ph) to address the problem of blisters in tires?

MR. CRIGGER: My understanding is that replacement workers were not used in the quality control inspection.

MR. DINGELL: Can you make that as a flat statement?

MR. WYANT: I have been told that as a flat statement, yes.

MR. DINGELL: You have been told, but you do not know it?

Now how many...

MR. CRIGGER: I was not there.

MR. DINGELL: ... how many of them were used for inspectors and how many of them were used for allers (ph)?

MR. WYANT: When the replacement workers began coming into the plant, they went through the same training processes as everyone else. The last place they wound up was in these critical technical positions, including the laboratories, the final inspection, which includes repair, or as you state, alling (ph).

MR. DINGELL: I'm going to -- I'm going to ask that the chair do assist me in procuring further information on that particular point.

Now...

MR. TAUZIN: Let me do that for the gentleman. Do we have an agreement from Firestone that you will submit the information requested by Mr. Dingell to the committee?

MR. WYANT: Yes. No problem.

MR. TAUZIN: Mr. Dingell, proceed.

MR. DINGELL: Your statement says, and I quote, "Our analysis of the failed tires has shown that failures were caused by external damage, by improper maintenance or by operating the tire with pressure significantly below the 26-pound-per-square-inch level recommended for the Explorer by Ford."

By significantly below 26 pounds per square inch, do you mean 20 pounds per square inch or below?

MR. WYANT: Excuse me, Senator, I'm not sure where you -- are you in the Southwest survey?

MR. DINGELL: Well, I'm just -- that's in your statement.

MR. WYANT: The Southwest survey had numerous tires in it in the teens. That is correct.

MR. DINGELL: OK.

Mr. Chairman, I thank you. I have used the time that...

MR. TAUZIN: The chair is always pleased to follow the gentlemen's line of questions. I appreciate them, sir.

MR. DINGELL: (OFF-MIKE)

MR. TAUZIN: The chair now recognizes Dr. Ganske of Iowa.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. GANSKE: Thank you, Mr. Chairman, and (inaudible) coming a long ways to be with us today.

Mr. Ono, do you agree that the tires made at the Decatur plant have a significantly higher failure rate than the same type of tires made at other plants?

MR. ONO (THROUGH TRANSLATOR): I believe you can say that based on the claims data.

MR. GANSKE: Mr. Ono, the tires made at all the plants were inflated -- it was recommended that all the tires made at all the different plants were -- it was recommended that they be inflated at 26 pounds on the Explorer. Is that right? Was there any difference in inflation recommendations between the plants, that tires made at the Decatur plant as versus any of the other plants?

MR. ONO (THROUGH TRANSLATOR): I was not too clear on your question, but I believe our tires are designed to spec given by Ford of 26 PSI.

If you have anything, Bob?

MR. GANSKE: And there was no difference between the tires made at the Decatur plant and any other plant in terms of that recommendation?

MR. WYANT: Absolutely none.

MR. GANSKE: OK. So -- but the tires, Mr. Ono, at the one plant, failed more than those made at the other plants. So if the inflation pressure which was the same for the ATX tires from all of the plants, that couldn't be the cause of the difference in the failure rate at the Decatur plant then, could it?

MR. ONO (THROUGH TRANSLATOR): Well, that was our thinking as well. And we conducted for approximately two months an investigation with the cooperation from Ford and also by getting help from Japan. But we were not able to find a major problem.

MR. GANSKE: OK. So we're in agreement. The tire pressure was not a factor because it was the same for all of the ATX tires, regardless of which plants they were produced in.

So that gets me back to Mr. Dingell's question. There was a lot of labor strife and striker replacement at the Decatur plant. You had a lot of new workers on the line. Were experienced inspectors replaced during the strike?

MR. CRIGGER: Was that question directed at me, sir?

MR. GANSKE: No. I would like Mr. Ono to answer that if he would, please?

MR. ONO (THROUGH TRANSLATOR): And you're asking about inspectors?

MR. GANSKE: Yes.

MR. ONO (THROUGH TRANSLATOR): I believe Bob would be able to respond to you in greater detail.

MR. CRIGGER: As I explained, with Senator Dingell, I'm not 100 percent certain about the timing, because you said at the end of this -- by the end of this strike. I'm not sure if in fact the work...

MR. GANSKE: During the strike.

MR. CRIGGER: That information or documentation of that will have to be provided.

MR. GANSKE: All right.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. CRIGGER: Although I can say that my understanding is that it was supervisors and salaried quality assurance people that performed that function initially.

MR. GANSKE: It -- that it was supervisors and...

MR. CRIGGER: The inspector -- and salaried quality assurance people.

MR. WYANT: That's correct.

MR. GANSKE: Does the company have any records from the Decatur plant indicating problems with quality control during that time period, Mr. Ono?

MR. WYANT: May I attempt to answer the question?

MR. GANSKE: Sure.

MR. WYANT: We have extreme amounts of process control data. The process begins at the front of the plant, which is raw materials through every process in the plant, out to the warehouse. And the probable cause team, or the team to find cause has been through millions and millions of pieces of data trying to find out if there is a measurable quality control item within the plant that would indicate that. At this point, we do not have that, and that's why we're asking for outside support from independent third-party people.

MR. GANSKE: So your answer is that you don't know at this time?

MR. WYANT: I do not know at this time.

MR. GANSKE: All right, maybe you know this. Were the number of defective tires pulled off the line different during the strike than at times other than the strike?

MR. WYANT: "Pulled off the line" means for some reason, for cause?

MR. GANSKE: Identified, yes.

MR. WYANT: Not to my knowledge.

MR. GANSKE: Do you know that for a fact? Have you looked at that?

MR. WYANT: I do not -- I have not looked at that.

MR. GANSKE: OK. My final question is, will that data be made available to NHTSA?

MR. WYANT: Certainly.

MR. GANSKE: I thank you. I yield back.

MR. TAUZIN: The chair is advised that there are three votes now being called on the floor. And perhaps it's appropriate now for us to take a break. What we'll do is recess until 6:45. That'll give everybody a chance to have a good break. And we'll come back and finish it all up at one time.

The chair announces a recess until 6:45.

(RECESS)

MR. TAUZIN: The committee will please come back to order.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. TAUZIN: We'll ask our guests to take seats and someone to catch the doors. Take a few minutes to settle down.

Mr. Ono, let me welcome you again. And as we left for the votes, we had completed questions on this side. The chair now recognizes Mr. Sawyer from Ohio for a round of questions.

Are you next? I'm sorry. Mr. Stupak from Michigan.

MR. STUPAK: Thank you, Mr. Chairman.

Mr. Ono, will you and Bridgestone/Firestone join me today in calling for and cooperating with a blue-ribbon, truly independent panel to perform a review on the AT, the ATX and the Wilderness tires to determine a cause and propose solutions? Would you give us that commitment today?

MR. ONO (THROUGH TRANSLATOR): Yes, I do commit.

MR. STUPAK: Thank you.

Firestone has maintained that the problem is not tire failure, but yet Goodyear Wranglers on the same vehicles, under same conditions, do not experience a tread-belt separation. How do you explain that these failures are occurring in an abnormally large percentage of Bridgestone/Firestone tires but not Goodyear tires?

MR. CRIGGER: We recognize that there's a problem. There's no question there's a problem. I don't have any data on the Goodyear performance or Goodyear tires. But when we recognized this problem, that's why we recalled the tires.

MR. STUPAK: But the problem then has to be in the tire, right?

MR. CRIGGER: There's something we're looking for in the tire. That's exactly right. We're looking for a root cause in that tire. As I mentioned earlier, the incidents that we have are so serious that they stun us all and they're shocking to us all. And we're looking, though, in a huge population of tires to find out why, what is a relative few, are creating such a problem.

MR. STUPAK: When you design and build a tire, you take into consideration, do you not, that consumers drive too fast, that they drive under-inflated, that they overload their vehicles? That's all in consideration when you design a tire, don't you?

MR. CRIGGER: I think Bob should probably should...

MR. STUPAK: Mr. Wyant?

MR. WYANT: Certainly a certain amount of that is included and is indicated in tire and rim load inflation tables, as an example. But when you're talking about low inflation level, particularly when you get down into the teens or 20 and below, no, that is not included in the design standard.

MR. STUPAK: But in this tire, those factors are taken into consideration, correct?

MR. WYANT: Those service factors, no, they are not. Tires will not run in those low inflation conditions.

MR. STUPAK: So when you design tires, is it your testimony then it can only run underneath the specifications you say?

MR. WYANT: The tire in this particular case, specified at 26 psi, will run at 26 psi, and if maintained in that range, it will perform.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. STUPAK: Then why does Firestone have a separate tire for high-speed driving called the Euro H-rated (ph) tire? And why do you have a special service tire that's developed for another part of the world? And why do you have an S-rated tire that's more resistant to puncture and other things? All the excuses you've given why the American consumer is having problems with these tires, you make a special tire for those areas.

MR. WYANT: You're referring to, I believe, Cap-light (ph) types of tires or high-speed tires, tires that are designed for high speeds meaning 95 and up.

MR. STUPAK: Well, I'm talking about the Euro H-rated (ph) tire. I'm talking about the off-road tire. Then you have a special service tire that you use. I'm talking about a tire that's S-rated.

So you can't have it both ways. You can't say, "If you're going to run at high speeds, you got to have this tire." You can't say, "If you're going to run under inflated, you got to have this tire." And you can't say to the American people, "If you're going to do all these things, you can only use the tire for a certain part." These tires are built to withstand tear -- wear and tear that the American public and Saudi public and Venezuela and all of the rest of them use or not.

MR. WYANT: They are designed to perform in an extremely difficult environment, and yes, they are designed to perform in that region. But as example, high-speed, such as in Saudi Arabia and even in Venezuela, tires are not designed to go 40,000, 50,000, 60,000 miles at 95 miles an hour and up.

MR. STUPAK: So are you saying then the only tires that blowout are 40,000- to 60,000-mile tires that are driven at high speed?

MR. WYANT: I missed the first part, sorry.

MR. STUPAK: OK, are you saying then that if your tire has 40,000 to 60,000 miles on it, it cannot go at a high speed?

MR. WYANT: No, I didn't say that. I said if a tire is not designed for that, it cannot do that.

MR. STUPAK: Well, what are the limitations then on this tire -- this 15 inch -- this P235/75R 15-inch tire? What are the limitations?

MR. WYANT: With respect to speed?

MR. STUPAK: Give me any limitation you'd place on this tire.

MR. WYANT: I'll take the case before. There was a discussion about Saudi Arabia.

MR. STUPAK: No, no, I'm talking about an American consumer.

MR. WYANT: No, I'll compare...

MR. STUPAK: I go, I buy my Ford Explorer. They have 235/75R 15, what limitations would you place on me as a consumer with that SUV with your tires? What limitations would you give me?

MR. WYANT: Well, the tire is not a speed-rated tire, meaning it's not designed for the 95 mile per hour and up under continuous service. It is designed for this market at speeds below that.

MR. STUPAK: All right, what about off the road? What about low pressure? Do you give me a guide on how many times I have to check my tire, my pressure?

MR. WYANT: If the tire runs at low speed for limited times at reduced inflation, it can run off the road. The difficulty comes when you then come back on the road. If you do not reinflate, then you're severely overloaded and if -- particularly if you run high speeds.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. STUPAK: In testimony earlier, I thought, Mr. Ono, that you said that, when we were talking about the Venezuela tires, that you use different materials to build that tire, and most of those tires were the problems in Venezuela were used with different materials. Was that a correct statement?

MR. ONO (THROUGH TRANSLATOR): Well, the steel used is different.

MR. ONO (THROUGH TRANSLATOR): In America, polyethylene is used while nylon body ply is used.

MR. ONO: Polyester.

MR. ONO (THROUGH TRANSLATOR): Polyester. Interpreter correction: in the United States, polyester is being used. In Venezuela, nylon body ply is used and also compounds used are different.

MR. STUPAK: But still in Venezuela the tires that had difficulties were American-built ones, plus Venezuelan-built tires?

MR. ONO (THROUGH TRANSLATOR): The -- it was -- they were the Venezuela-built tires that had problems in Venezuela. As far as the ATX and the ATX-II tires, those tires were also recalled in Venezuela.

MR. STUPAK: I realize they were recalled but...

MR. ONO (THROUGH TRANSLATOR): Or rather -- correction, replaced in Venezuela. That is the tires recalled in the United States, the ATX and the ATX-2, were also replaced in Venezuela. And I'm talking about 235/75R 15.

MR. TAUZIN: Will the gentleman yield a second?

MR. STUPAK: I yield.

MR. TAUZIN: It's my understand there was a Ford replacement in Venezuela that included Venezuelan-made as well as American-made tires, and that there has subsequently been a Firestone recall with reference to Venezuelan-made tires that has extended the recall in effect. Is that correct?

MR. CRIGGER: My understanding is that the Firestone action had to do with Venezuelan-produced tires. Venezuelan...

MR. TAUZIN: The Firestone action?

MR. CRIGGER: Yes.

MR. TAUZIN: But the Ford action had to do with both Venezuelan- and American-made tires. I yield back to the gentleman.

MR. STUPAK: Were any of those Venezuelan tires ever imported or exported here to the United States?

MR. CRIGGER: No.

MR. STUPAK: Thank you, Mr. Chairman.

MR. TAUZIN: I thank the gentleman. The time has expired. The chair recognizes the gentleman from Tennessee, Mr. Bryant.

MR. BRYANT: Thank you, Mr. Chairman.

Gentlemen, I have a number of questions that I do want to ask you. And I might begin with my understanding of your explanation of this chart and the increase in the claims which I understand to be domestic claims, charts from

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

1992 to 2000. And for the first three or four years, they're relatively the same, and then there is an incline beginning in 1996.

Is there any explanation you can offer to those of us here that are looking at this chart for that dramatic increase over a number of years? Did something happen, 1995, 1996 that -- in regards to this tire? And I understand most of these were tread separations and had to do with SUVs and maybe even the Explorer. Did the Explorer change? Did the -- I mean, what happened? Do you have any explanation?

MR. CRIGGER: I wish we knew what happened. We're searching, as Mr. Wyant said. We're searching diligently trying to look for root cause. We really want to identify this root cause. We want it because the American people need it. We need it. We need to understand it. And it's been elusive. The chart that's shown represents, I think, probably less than two-hundreds, or two-tenths of one percent of all of these tires. It's a small population. It's critical of course because of the damage that we've seen.

But we haven't been able to identify that yet.

MR. BRYANT: Now you say in terms of quality control, and I guess that's, kind of, Mr. Wyant, in your area, that what you used as a measuring stick was not necessarily the claims made but rather the adjustments that you would make under the warranty provisions, and I understand, in reading some of the data that has been provided, that that standard was within an acceptable margin, the parameters. Is that correct, during all these years?

MR. CRIGGER: That's correct.

MR. BRYANT: Now is that consistent that the adjustments would be within an acceptable standard, yet claims made be clearly outside?

MR. WYANT: Let me explain. That chart, as an example, as Gary said, is in the recall population from that 0.02 percent. So we're looking for this, sort of, needle in the haystack, but when the needle in the haystack is there, it's terrible. And we know that. We don't know why, but we know it's terrible.

That particular chart there has not been used. We have used adjustment data because it is a more precise measure, and within the adjustment population things look normal. In fact, some of these tires look excellent. But still, we've got this needle in the haystack phenomenon that is not good.

So based on, in fact, claims data, not understanding the cause, and not really understanding the phenomenon, we took out 14.4 million tires on the basis of safety even though we did not know the cause.

MR. TAUZIN: What -- would the gentleman yield a second?

MR. BRYANT: Be happy to yield.

MR. TAUZIN: This needs to be clarified. The tires that failed in these claims appear normal until they blow. No one in their right mind would take them in under warranty. They wouldn't show up as a warranty claim, would they not?

MR. WYANT: It has been our company's practice for many years to provide customer satisfaction. In that population, are tires that, in fact, have punctures, repairs, et cetera; the population distribution within that I am unsure of.

MR. TAUZIN: Well, let me say it a different way. The idea of relying upon warranty claims to decide whether you got a problem or not doesn't make any sense when it comes to tires that blow apart because they look normal.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

I've just -- I've got four of them sitting downstairs in the basement, in the parking lot under my Ford Explorer. I just went and looked at them this morning again. They all look perfectly normal, but any one of them could blow if I drive at a high speed in hot conditions in low -- all these -- all these combinations of elements.

I would never take one of those four tires in for warranty. It would never show up as a problem until it blew and I'm dead. That's the problem with the -- the statistics we have here. And why did Firestone not understand that as they were calculating and collecting these statistics? I don't understand why you continue to rely upon warranty data to decide you had a problem is my point?

And I thank the gentleman.

MR. BRYANT: All right. Mr. Wyant do you have any comment? I have another question if you don't.

MR. WYANT: Yes. Obviously at this point in time, with the circumstance that has occurred, we are looking closely at this type of claim data. Certainly that is true.

Normal tread separations have some type of warning to them. In many reports here, there is not a warning. There is not a warning with a blowout, or a massive puncture, as an example, or bottoming out on a chuck hole. So, there are events for which there is not a warning. And in this particular case, there are reported incidents, many, where there's not warning for a tread separation. That is not normal.

MR. CRIGGER: Because there're -- there are normally tread separations in tires. I mean, some level, that occur in all tires. I think you will find that. But, of course, what's happened here is the incident of the tread separation is greater. That's why we were concerned. And the result has been terrible.

MR. BRYANT: Explain to me why, on this particular tire, that you, as manufacturer of the tire, recommend that it run at 30 psi and -- on the Explorer -- but yet Ford, I assume in their manual for the Explorer, recommends it at 26 psi.

MR. CRIGGER: Bob, of course, could speak to the technical detail, but from the nontechnical point of view, it's simply to add a margin of safety, particularly during this time when we have tires on the road not yet replaced which we're trying desperately to get replaced by every means we know how.

MR. BRYANT: Weren't these recommendations in place before this whole situation came to the public?

MR. CRIGGER: I don't believe they were.

MR. WYANT: No, they were not.

MR. BRYANT: They were not?

MR. CRIGGER: They were not.

MR. BRYANT: OK. You were in the room when I asked the, I think it was Dr. Bailey, about the statistic that seemed to be out of kilter in terms of the number of incidents and fatalities with the Explorer as opposed to -- with these tires on the Explorer as opposed to other vehicles, other SUVs with these same tires. Do you have an explanation, any accounting for that?

MR. CRIGGER: I believe you're referring to the FARS data. Is that correct?

MR. BRYANT: Yes, I believe so.

MR. CRIGGER: Well, we know, in total, that our tires were sourced to the Explorer vehicle in the great majority; there were only a couple of years when other tires were sourced to that vehicle. So there is a combination of our

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

tires on that vehicle out there and a great abundance and perhaps more than any other vehicle combination, I don't know. I think it's one of the largest ever for Firestone on one vehicle population.

MR. WYANT: My hesitation on that response was due to the fact that I believe the FARS data does not typically state the brand or tire. What it states, I believe, is that alleged tire-related issue. And when you look at it that way, I believe the numbers are something like five percent of the FARS population is alleged to be tire-related.

MR. BRYANT: In some of the materials -- this will be my last question -- that was prepared by the committee for me to review -- and I mentioned this to Dr. Bailey. And I'm not sure I understood her explanation about the new recall of the 1.4 million tires and how -- in the material that was furnished to me by the committee, they indicate a number of examples of the so-called population that there really are only a few.

Like in some of these tires, there's only maybe one incident or two incidents. But because of the relatively low number of tires out there, it meets their formula that they have to be recalled. Can you explain that to me? Is she right or is that -- is it true that...

MR. WYANT: Let me try to answer that one because I was there.

MR. BRYANT: I'm sorry. Who is going to try to answer it?

MR. WYANT: I'm going to try to answer it because I was there.

MR. BRYANT: OK.

MR. WYANT: The original request from NHTSA to expand the recall, our decision was that we could not make a decision at this time and would come back to that issue after these hearings, after these proceedings when we could look at it with a clearer mind, so to speak. It was recognized that there were tires in there being requested for recall that had one alleged incident. And that does not appear, even though the rate is higher, and we acknowledge that the rate would be higher, but the base is low, and one incident will drive the data back and forth.

And that is one of the reasons for discomfort with the use of claims data. When the volume's numerator or denominator are low, it jumps all over the place. So if you take a number and say that is the level, and everything above that is going to be recalled, is very problematic. I think it's a very problematic issue for the industry.

Having said that, we have cooperated extremely openly with NHTSA and certainly will continue to do that. That issue needs to be resolved. If there's a new bright line based on claims data, I think it needs to be one that is agreed to by NHTSA and by the industry and that it can, in fact, be done. So our decision at that time is we could not decide at that moment.

MR. CRIGGER: I think that -- just to add, I think that points out why claims data had never been looked at in this way. Because the normal circumstance was that there might be one or two claims, and that's a claim, not an actual defect.

MR. CRIGGER: That's just a claim.

What happened differently here is when we looked at these, and the numbers and the incidents and put all of that together, then we wish, of course, we had looked at claims long ago.

MR. BRYANT: I thank the chairman.

MR. TAUZIN: I thank the gentleman. The chair recognizes the gentleman from Tennessee, Mr. Gordon.

MR. GORDON: Thank you. Let me first say to our guests, this has been a long day and I appreciate your patience. This has been long for all of us.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

As I understand it, Ford requires suppliers to use the QS-9000 quality assurance program to control the quality of parts throughout their manufacturing process, including Bridgestone/Firestone. And also that Ford can assure conformity of this QS-9000 procedure either directly or through a third party.

And through the conversations that my staff have had with your office, what has been relayed to me is that both Firestone and Ford feel like that this process was followed properly, that the assurance -- or the quality program was followed and that the verification was followed. And you have gone back over this and you still can't find a problem.

However, we have a problem or you wouldn't have the recalls. So, we, sort of, have this blackhole or this disconnect in between.

Again, my interest is more looking to the future and the lives we can save in the future and the problems we can save, rather than trying to point fingers here. And so I would ask that, through this long and excruciating review of this control assurance program, what have you discovered? I mean what do we need to do different in the future? How does this need to be changed? And I'll just -- whoever would like to address it?

MR. WYANT: I will try to answer that. We are a QS-9000 certified company and it, by definition, requires pretty high frequency of audits both externally, and in our case it's Lloyd's of London, and internally, where we have to audit ourself and record. And the key foundation is continuous improvement.

In this particular case in, let's say, Decatur plant, in, I believe it was September of 1997, the plant was certified for QS-9000. I think the data to date shows, in fact, that the Decatur plant, if you look at 1997 on, from adjustment data and in claims data -- but I have some uncertainties about claims data -- looks very good.

So, looking at it that way, one could say that maybe QS-9000 is a causal factor here. QS-9000 encompasses the entire plant from front to back and that's my comment.

MR. GORDON: Well, I also would assume that QS-9000 means a continuing improvement of it and trying to find out what you can do better...

MR. WYANT: Absolutely.

MR. GORDON: So, my question to you is, after you have gone back over this a number of times, what needs to be improved? What needs to be changed within this quality assurance program, both as a supplier as well as a manufacturer in terms of their verification?

MR. WYANT: Obviously, this is one of the difficulties until we find this cause, this low frequency event, but serious event, until we find that, I really cannot answer that question. That's why cause is so important.

MR. GORDON: Well, is this just a Bridgestone problem, or is this a -- in terms of this QS-9000, or is this an industry problem that needs to be reviewed? I mean who needs to take the lead in doing what so that this doesn't happen again?

You -- I mean, should Bridgestone just clean up their mess and that's it? Should Ford do a better job in trying to -- when I say Ford I mean any of the manufacturers -- in verifying?

MR. WYANT: I think there have been...

MR. GORDON: Does NHTSA need to come in to do more?

MR. WYANT: I think there have been some very good suggestions made, including NHTSA, and particularly the testing process has already begun, including the industry and NHTSA and SAE to see, to try to determine if that is, let's say, the missing link; can it be discovered or uncovered in that process. So, I think those are all good moves.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. GORDON: What -- do we leave this -- as a consumer, what's going to make me feel better here? I mean, do we leave this up to private industry and yourselves to do to a great extent what you did with this earlier QS-9000 and to come up with this procedure; let us know what it is going to be and then we feel comfortable with that? Or does there need to be a greater role for the National Highway Traffic Safety Administration coming in as a monitor there?

MR. WYANT: I think we've already agreed that we need to have a joint investigation, if you will, of this, including NHTSA, us, outside parties and organizations like the Rubber Manufacturers Association, which means the tire industry.

MR. GORDON: But again, I'm not looking for who's at blame now. How do we get a better process?

MR. CRIGGER: Well, I think...

MR. GORDON: Go ahead, I'm sorry, go ahead.

MR. CRIGGER: ... I was just going to -- I was just going to say, I think maybe part of what Bob is saying is that the better process is to have all of these agencies and industry looking at what can be done.

MR. CRIGGER: And we're committed to work with NHTSA, this committee, or whoever, to find any improvement that will ensure against this kind of event again.

MR. GORDON: And so how do we get that process started? Do we wait for you to do it, or do we need -- you know, should there be congressional action? How do we get this process started?

MR. CRIGGER: I believe some of the process has already begun. I don't know what the next steps would be, but I believe this looking at new ways and new methodologies with NHTSA has already begun.

MR. GORDON: Well, it would seem to me that if you -- you know, if you don't have an answer, then we're going to have to supply the answer.

Thank you, Mr. Chairman.

MR. TAUZIN: The chair thanks the gentleman. The gentleman from North Carolina, Mr. Burr, is recognized for five minutes.

MR. BURR: Thank you, Mr. Chairman. Mr. Chairman, would it be appropriate if I asked the crowd if there are any representatives here from NHTSA still?

MR. TAUZIN: Yes, it would certainly be appropriate.

MR. BURR: Would the record be so kind to show that nobody from NHTSA is here for the remainder?

Would the gentleman identify himself?

MR. WOMACK (ph): (OFF-MIKE)

MR. TAUZIN: Deputy chief counsel John Womack (ph).

MR. BURR: I appreciate the gentleman for identifying himself, and would only make the comment to my colleagues there that I would have hoped that a large amount of the NHTSA team would have stayed; that I think it's valuable to hear the firsthand information from not only these witnesses, but Mr. Nasser and Ford. And hopefully it would give them some insight as to some of the challenges they're dealing with.

MR. TAUZIN: Would the gentleman yield?

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. BURR: Yes. I'd be happy to.

MR. TAUZIN: I think there are two other NHTSA personnel here. Would you identify yourselves for the -- just for the record?

(UNKNOWN): (OFF-MIKE)

MR. TAUZIN: Thank you, sir.

(UNKNOWN): (OFF-MIKE)

MR. BURR: I appreciate that. Don't -- I would encourage you not to be as reluctant to identify yourself next time somebody asks for that (inaudible).

MR. TAUZIN: And there's an additional NHTSA personnel, I think.

(UNKNOWN): (OFF-MIKE)

MR. TAUZIN: We didn't hear that.

MR. BURR: She was the investigator on the Firestone test.

MR. TAUZIN: Why don't we get -- please supply your name to the clerk so that we can...

MR. BURR: I'm only sorry after hearing that, Mr. Chairman, that she -- she wasn't on the panel with Ms. Bailey to testify since she was intricately involved.

MR. TAUZIN: And Mr. Burr, if you'll yield for a second, too.

MR. BURR: Yes.

MR. TAUZIN: Let me compliment Mr. Nasser. He's our -- you know, he's been sitting here all day and I appreciate that, sir. I think it's not only good that you came, but good that you stayed and heard these other witnesses. I appreciate that.

Mr. Burr?

MR. BURR: I thank the chairman for his indulgence. And let me once again thank Mr. Ono for his attendance and the distance that he's traveled. Though my questions won't be directed at him, it's not because I don't want him to contribute to any answers if he feels so moved, but I will address them to his colleagues, Mr. Crigger and Mr. Wyant.

Let me ask both of you, were you briefed by your legal counsel prior to this testimony? And if so, were there areas that your legal counsel told you to stay away from or not answer?

MR. CRIGGER: No, sir.

MR. WYANT: None.

MR. BURR: Mr. Wyant?

MR. WYANT: None.

MR. BURR: None? Were you briefed?

MR. WYANT: We were certainly briefed, but there's no area that's off limits.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. BURR: Let me ask you, there was a settlement -- I say that for the lack of the correct understanding -- with at least State Farm, possibly other insurance companies, on issues that they felt were Firestone's responsibility, because they were exposed for damages that they felt were the result of the defect in tires. Firestone settled those, am I correct?

MR. CRIGGER: Yes, that's correct.

MR. BURR: Was Firestone the only insurance company that that type of thing happened?

MR. CRIGGER: I wouldn't think so. State Farm is the largest vehicle insurer in the country. I believe they have over 20 percent of the market, so...

MR. BURR: And was part of the agreement with State Farm that you would not have to admit to a tire defect?

MR. CRIGGER: I don't know anything about that, sir.

MR. WYANT: I'm not aware of the question.

MR. BURR: I mean, you two are apparently intricately involved in finding a solution to the current problem that you have. And the reason that I ask both of you the question, is that I would hope that also the Firestone information would have -- or the -- excuse me -- the State Farm information, would have been shared with two people who are intricately involved in finding a solution to a tire problem.

MR. BURR: Did you have something else, Mr. Crigger?

MR. CRIGGER: Well, I was going to say I'm informed that there was no settlement with State Farm; that individual lawsuits have been settled.

MR. BURR: There was, though, some type of -- was there not a -- OK, I'll take your legal counsel's shaking of his head as there was no type of reimbursement made to State Farm. But clearly there were for the cases that State Farm had insured.

MR. CRIGGER: Individual cases were handled with State Farm; I believe that's correct.

MR. BURR: Which, again, I would stress that if you two are intricately involved in the solution, as I would expect NHTSA to be intricately involved in the information that's out there, that both of you ignored very pertinent information or somebody in your companies, as it related to what State Farm, and in NHTSA's case, one particular claims adjuster had, in fact, identified.

Let me move on to specifically the Middle East and to Saudi. In Saudi Arabia...

(UNKNOWN): Would the gentleman (OFF-MIKE)

MR. TAUZIN: Just a second.

MR. BURR: Be happy to.

MR. TAUZIN: We have being distributed a document -- what's the number of it?

STAFF: Seventy-five.

MR. TAUZIN: Seventy-five; which relates to the claims -- the subrogation claims that were settled for losses for the year '95, '97, '98 and '99.

MR. BURR: I thank the chairman.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. TAUZIN: And would note that for the record. I thank the gentleman.

MR. BURR: Do either one of you suggest that there's not a defect in at least some of these tires?

MR. CRIGGER: No, I certainly wouldn't say that. There's clearly something wrong.

MR. BURR: Would you say...

MR. CRIGGER: There's something to be found here...

MR. BURR: Do you...

MR. CRIGGER: ... because this is not normal.

MR. BURR: Doyou also agree that there must be a defect in some of the tires that you had in Saudi?

MR. CRIGGER: That was not the finding in the case of Saudi.

MR. BURR: And what was the suggested pressure of the tires in Saudi, based upon Firestone specs?

MR. WYANT: No, that would be a Ford Motor Company spec. I'm not certain what it was. I believe it was 28 or 30, but I think they should answer that.

MR. BURR: Well, I've certainly gone through your field survey, the Saudi field survey, and tried to determine it. And the reference point used for 54 percent were over 30. I interpreted that meaning 30 was the benchmark.

MR. CRIGGER: I think 30 was the...

MR. WYANT: That's probably correct.

MR. CRIGGER: I think 30 was the pressure in Saudi.

MR. BURR: Is there a reason that it was 30 there, but that you agreed to 26 here?

MR. CRIGGER: Again, I'm not the technical person. But I believe in the case of Saudi Arabia, we're talking about a larger tire, a 16- inch tire. And in the case of the recalled tire, we're talking about a 15-inch tire.

MR. BURR: In one of the instances in Saudi, a Firestone representative sent a letter to a dealer who had been persistent about the problem that he saw in more than one case. Let me read you the response that went back. This would be on tab 15, if you're interested.

The response that went back is: "The tire pressure should be checked every two weeks, at least, and before every long-distance drive. I'm sure you will agree that it cannot be guaranteed that the tire was used at a proper tire pressure throughout its life."

Does Firestone still stand by that statement from a Firestone representative, that not only the customer is responsible, but that, even though you can't guarantee that the customer does it, you have no obligation, no exposure?

MR. CRIGGER: I'm sorry, sir. I missed the last part of your...

MR. BURR: In this particular case, the Firestone response was the customer should be checking the tire pressure every two weeks and before long-distance drives. And we -- it says, "I am sure you will agree that it cannot be guaranteed that the tire was used at the proper tire pressure throughout its life." In other words, there may have been a time where the tire pressure went up or down from what we suggested and that's the fault of the consumer.

MR. TAUZIN: Fifteen.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. BURR: And I think that that response from Firestone is from Keshav Das, K-E-S-H-A-V, last name, D-A-S.

Now, let me ask you, what does the manual say -- because I think I've heard both of you quote that customers are supposed to check their tire pressure every month; is that not correct? Did I not hear one of you, or both of you, state that earlier?

MR. CRIGGER: Bob?

MR. WYANT: I don't believe we stated that, but that would be considered a normal practice, yes.

MR. BURR: Then why would a Firestone representative put in a letter that it's the customer's responsibility for him to check it every two weeks and before long-distance drives?

MR. WYANT: I think there are, even in this country, advisories to check your inflation, or adjust your inflation when you change the load, or if you're going to go high-load and long-distance travel, I think that's considered normal. And that may be been considered in this two-week response, particularly in Saudi where there is significant deflation/reflation issues because of going off-road in the sand.

MR. BURR: I could ask a number of other questions, and I'm not going to for the sake of time and because I think I would go over ground already plowed. But let me just make an observation on my part.

I hope that Firestone understands the frustration that I think all members on this committee share, because we read statements like this, that clearly lead us to believe that Firestone was attempting to push aside a potential problem, and pretty soon the problem just got so big that a response to a dealer, or a settlement on a subordinate claim wasn't enough.

MR. BURR: Now, I'm not sure whether it was Houston TV, or whether it was Ford Motor Company, or whether it was NHTSA; it's, sort of, irrelevant. We've got to solve this problem.

And I wish I could agree with you. I mean, I'd like to have you stand up and say, "You know what we put in that letter was a bunch of crap. That was not a sufficient response to our dealer, for our customer. We should have been more concerned. We should have had our eyes open."

But that's not the impression that we get when we read document after document after document where we're debating who was supposed to check the tires, how often were they supposed to check them, and whether, in fact, Firestone has any responsibility in it.

My hope is that you will find that defect, and that you will find it quickly, and that we will know the scope of the problem.

I thank the chairman for his indulgence. I yield back.

MR. TAUZIN: Thank the gentleman. If he's looking for a real good case in the documents, look at document 80, Mr. Kenneth Bhandi (ph), who was told by the Firestone Company that his treads were worn and that was the problem. And he responded, "Well, that's neat, but I didn't send you the treads. They're lying on the highway. I sent you the tire without the treads. Now how do you know they were worn?" And Firestone paid him. That's an interesting document. Read it.

Now the chair recognizes the gentleman from Ohio, Mr. Sawyer.

MR. SAWYER: Thank you very much, Mr. Chairman. I think if there's anything that the committee has learned this afternoon and this evening is that the issues that we're dealing with here today are enormously complex. The stakes are high and that we're all searching for an answer.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

Let me ask you this. I've got a series of relatively quick questions, I hope. Is it fair to say that a tire is a complex instrument, that the actual compounds, the sourcing of materials, the manufacturing process, the design of the tire and the ambient conditions at specific manufacturing locations could have an effect on the performance of the tire in a way that could contribute to the kind of phenomenon that we're discussing here today?

MR. WYANT: That is correct. The one thing I would like to make clear that I don't believe it has been made clear, but one of the reasons the inflation issue continues to come up as it would with any tire manufacturer is that it is the most essential part of the performance of a tire.

Without sufficient air pressure, you will get a tread separation and that is a normal event when you have that condition. It is normally exhibited by shoulder wear, as you pointed out. And it is evidence of a separation inside of the tire because that's what tires do.

(UNKNOWN): Would my friend from Ohio yield for one second?

MR. SAWYER: Can I get my time back, Mr. Chairman?

(UNKNOWN): The chairman will indulge you. Let me just make this point, Mr. Wyant. I don't believe that the habits of Americans, as it relates to checking their tire pressure, has changed significantly in this decade.

And the belief that a reduction in tire pressure has caused this aberration, because everyone's running them at a lower rate, is just not believable. If it was the case, because of the habits of most Americans, there would be more than your tires blowing up on the road.

MR. CRIGGER: I don't believe we've...

(UNKNOWN): I am even guilty of running my tires at less than the recommended rate because I don't check them as frequently. And I think I'm no more than average in America.

MR. CRIGGER: I agree with you on that. That's true. And I don't think we're trying to say that there's some change in the habits of people that have caused under-inflated tires to be the reason for this phenomenon.

What I think we're just saying that, under normal conditions, you would expect to see tread failures associated with under-inflated or other phenomenon; improper repairs, punctures and so forth.

Clearly, what we have here is a problem.

MR. CRIGGER: There's no question about that and we're looking for the solution. What is the root cause of that problem?

But there's a level of masking that had existed because there is, in a sense, a normalcy, because of the outside impacts and influences on the tire, that got lost here. And now, we've found the problem and we're trying to identify it.

MR. TAUZIN: The gentleman from Ohio has the time.

MR. SAWYER: Thank you, Mr. Chairman.

My point was that it seems to me that there is clearly a complexity of cause involved in all of this, and that it could be any of these variables, or it could be a combination of these variables working together. Am I correct in that assumption?

In the course of the life of a tire design, does the tire remain stagnant? Is the design in the manufacturing of that tire consistent over the life of a model? Or does that model migrate, does it evolve in its design?

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. WYANT: The normal practice, as I described before, let's say under a QS-9000, there are continuous changes or continuous upgrades in processes, in designs and in manufacturing; that is correct.

MR. SAWYER: Is it possible that abrupt change could be the product of one or more of these design variables in the productive life of that design?

MR. WYANT: It certainly could. Unfortunately, we do not have that narrowed down.

MR. SAWYER: You don't have it narrowed down yet. But that's the sort of thing I assume that you're looking for?

MR. WYANT: That's correct.

MR. SAWYER: In the course of all of this, do you continuously test the tire according to NHTSA's standards for the changes that are taking place, or does this take -- how frequently do those tests take place?

MR. WYANT: We have rather frequent high-speed and endurance checks in production, and there's a whole schedule for doing that. And it depends on how frequently and the volume of production, but these checks are made as an ongoing matter of business.

MR. SAWYER: These tests were initially put in place, am I correct, in 1968?

MR. WYANT: That's correct on the DOT.

MR. SAWYER: And they were designed for tires that were largely bias-belt tires at the state-of-the-art as it existed 32 years ago?

MR. WYANT: That's correct.

MR. SAWYER: Would it be your suggestion that one of the elements that we need to undertake, as we look at all of this, is to look at the testing protocols, their appropriateness to the product, and their appropriateness to the application to which they're going to be put in the real world?

MR. WYANT: We certainly agree with that, and we would cooperate with NHTSA and the industry to accomplish that goal.

MR. SAWYER: Let me just close with this, Mr. Chairman.

You may recall that in July, we had a hearing where Secretary Slater and Secretary Richardson were here with regards to the matter of fuel consumption. On that occasion I said, "Let me mention one way that we can make a difference in our fuel consumption that's enormously important. The appropriate inflation level of tires makes a huge difference in fuel consumption, and simply checking your tires once a month not only decreases fuel consumption dramatically, but it increases the life of the tire."

It seems to me that that kind of continuous education is an enormously important part of what we do here today, what tire manufacturers and tire dealers ought to do on a continuing basis, and what government agencies ought to do if we're going to promote the responsible use of products like tires that we place our lives on.

Thank you, Mr. Chairman.

MR. TAUZIN: Thank the gentleman.

The chair recognizes the gentleman from California, Mr. Rogan.

MR. ROGAN: Thank you, Mr. Chairman.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

Gentlemen, thank you for your patience here today. I would like to go over, briefly, my notes respecting the chronology of the Firestone tire sales overseas during this period, and I want to make sure that I have it right. So let me just share with you my notes, and if I've misstated something, please feel free to correct me.

With respect to the Firestone tires that were sold in the Middle East, it was 1997 when the first complaints on the performance of the 16-inch Firestone tire were reaching your office; is that correct?

MR. WYANT: I'm aware of a tire coming into the Akron tech center. I'm not certain if it was '97 or '98, but there was a tire.

MR. ROGAN: Would it be fair to say that sometime at or about 1997 a number of complaints, at some point, started coming in with respect to the Firestone tire performance in the Middle East?

MR. WYANT: That's fair.

MR. ROGAN: And essentially, you checked those on a case-by-case basis and found that all of the problems emanated from some sort of customer abuse, but no tire defect.

MR. WYANT: That's correct.

MR. ROGAN: And at some point, Ford Motor Company decided to simply recall all of those 16-inch tires that had been sold on Ford vehicles in the Middle East?

MR. WYANT: Correct.

MR. ROGAN: Was that a unilateral decision by Ford, or did Firestone participate and agree to that?

MR. WYANT: We did not participate in that.

MR. ROGAN: Then at some point, Firestone learned that there were similar problems with tires being used in Venezuela, Malaysia and Thailand on both the 15-inch and the 16-inch tires; correct?

MR. WYANT: Venezuela is correct. I'm fuzzy and uncertain about the Malaysia, Thailand.

MR. ROGAN: Do any of the other witnesses have...

MR. CRIGGER: I'm not aware of those other countries, but I know in the case of Venezuela, we were talking about Venezuelan-produced product.

MR. ROGAN: And was that -- that was on the 15-inch and the 16-inch tire.

MR. CRIGGER: I believe that's correct.

MR. ROGAN: When you say "a Venezuelan-produced product," is there any kind of product oversight that is done on foreign companies that Firestone owns to make sure that they are at least producing the tire to standard?

MR. WYANT: They fall under QS, or corporate QA-types of processes and procedures, as do all of our plants, but they have local market conditions.

MR. ROGAN: But is there anything -- when you differentiate and say "a Venezuelan-produced tire," is there anything about it being produced in Venezuela that makes it somehow less inherently reliable than, say, a domestically produced Firestone tire here in the United States?

MR. WYANT: The Venezuelan issue is one of mislabeling of tires, and there's a significant number of tires in the market that are mislabeled that are being recalled as a customer-satisfaction issue and replaced.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. ROGAN: I guess my question is: From Firestone's perspective, do you maintain certain safeguards and quality control over all of your products that are manufactured, whether they're manufactured off-shore or here in the United States?

MR. WYANT: That's correct.

MR. ROGAN: And that would also apply to Venezuela.

MR. WYANT: Correct.

MR. ROGAN: So, was there anything about the fact that Firestone tires were manufactured in Venezuela that, in and of itself, would cause anyone to have any concern about the quality of manufacturer?

MR. WYANT: Those were the tires that were mislabeled.

MR. ROGAN: But not mislabeled to where the quality of the manufacturer was concerned.

MR. WYANT: That's correct.

MR. ROGAN: And those tires were also recalled by Ford in a unilateral action?

MR. WYANT: Yes.

MR. CRIGGER: Supplemented now by our own action earlier this week, after working with Indeccu (ph), the agency there.

MR. ROGAN: When you received these reports from the Middle East, and at least from Venezuela and from apparently some other off-shore jurisdictions, did that give cause for concern to Firestone that there may be a design defect or product defect in the domestically produced Firestone 15- and 16-inch tires?

MR. CRIGGER: As we discussed earlier, in the case of Saudi Arabia, which is the one I know from discussion the most about, the answer was no. Because the team of engineers that went and investigated tires there, including both Ford and Firestone engineers, did not find a tire defect at the root of the problem in Saudi Arabia.

MR. ROGAN: The reason I ask the question is, when I looked at the documents, it appeared that Firestone was satisfied that this was a unique circumstance in the way the tires were being used in Saudi Arabia or the Middle East that didn't apply here domestically and so there was no cause for concern. I don't want to simplify a...

MR. WYANT: No, that's correct. Both Bridgestone/Firestone and the Ford Motor Company had joint surveys in Saudi Arabia, and as a result of that, there was a joint survey in the southwest part of the United States to confirm that the tires in this market were OK.

MR. ROGAN: Mr. Chairman, may I ask the committee's indulgence for one additional minute?

MR. TAUZIN: Would the gentleman repeat his request?

MR. ROGAN: If the committee would indulge me with one additional minute.

MR. TAUZIN: Is there any objection?

MR. ROGAN: I just see that the red light is on and I don't want to impose on the committee's time.

MR. TAUZIN: Without -- I think the gentleman has -- we show you having 35 more seconds. Proceed, sir.

MR. ROGAN: Then can I have a minute and 35 seconds -- all that?

(LAUGHTER)

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. TAUZIN: Is there any objection? Without objection, the gentleman's time is extended by a minute.

MR. ROGAN: I thank the chairman and my colleagues.

The reason I ask the question, gentlemen, is that it at least appears to me that the concern was not limited to these overseas tires, because both Ford and Firestone undertook additional tests on these tires in the United States in 1999 and 2000.

MR. ROGAN: And so, if you were simply satisfied that this was a condition peculiar to Saudi Arabia, there wouldn't be a need for additional two years of testing. And that's where I'm seeking the clarification.

MR. WYANT: The action in the United States was to confirm that they, indeed, were OK; all of our data shows that there is no problem on those tires in the United States.

MR. ROGAN: When did you get back the report that said that the condition is peculiar to Saudi driving conditions? That wasn't as late as the middle of 2000, was it? It didn't take two years to get that report generated to you, two to three years.

MR. WYANT: No, I'm on memory here, again. I think it was middlish of '99, from the Saudi survey, somewhere in there. Maybe earlier.

MR. ROGAN: But Firestone continued conducting tests, even up into 2000, but never notified NHTSA of any of these concerns.

MR. WYANT: I'm not sure what tests you're referring to that we continued. We did a joint survey to evaluate the product, that's correct.

MR. ROGAN: And that went all the way into 2000 -- and still up until 2000?

MR. WYANT: I'm not sure exactly when that was.

MR. ROGAN: Mr. Chairman, I see my time has expired, and I...

(CROSSTALK)

Mr. TAUZIN: The gentleman's time has expired, but the gentleman may respond.

MR. WYANT: It's correct.

MR. ROGAN: It's correct.

Is it July 7, 1999? Does that date ring a bell?

MR. WYANT: No. On what part, sir?

MR. ROGAN: On the survey that came back.

MR. TAUZIN: The chair will allow a response, but we've got to move on here.

MR. ROGAN: Thank you, Mr. Chairman.

MR. TAUZIN: Please respond to Mr. Rogan's question, then we'll move on to Mr. Green.

MR. WYANT: That's correct, July 7, for the Middle East tire survey.

MR. TAUZIN: The chair recognizes the gentleman from Texas, Mr. Green.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. GREEN: Thank you, Mr. Chairman.

And, like everyone else, it has been a long day, not only for ourselves, but for our panel and even the next panel.

Let me talk about the particular interest I have, because -- and I appreciate my colleague from California, because, coming from Texas, we're now looking at the Department of Transportation Complaint Summary, it seems like 75 percent of the failures come from Texas. And maybe it's because this last two months we've had, you know, 100-degree temperatures every day. It was 105 in Houston, maybe not as bad as Saudi Arabia, but pretty close, or maybe it's because in Texas we do drive a lot of SUVs, and use a lot of tires.

What is the average warranty on an ATX? Is it 50,000, 60,000 miles?

MR. CRIGGER: I don't believe there is a mileage warranty on that tire.

MR. GREEN: Well, it seems like when I go buy a tire and my constituents do, they have a warranty of the more you pay the better your warranty, 40,000, 50,000, 60,000 and some even 70,000, I think. Is there any kind of -- Firestone's bound to sell a warranty or guarantee its tire for a certain number of miles.

MR. WYANT: You're correct. There're certain levels of tires, and generally there are price positions that cover different types and levels of warranty.

MR. GREEN: I'm looking at the complaint survey, and it shows most of the ATXs. Do you have -- doesn't anybody an idea what typical, would it be 40,000, 50,000, 60,000?

MR. CRIGGER: It would tend to be at the higher end.

MR. GREEN: The higher end. So, 60,000 wouldn't be out of sight?

MR. CRIGGER: I don't think there is a particular mileage warranty, though, associated with this particular tire. I mean, as a stated mileage warranty.

MR. GREEN: OK.

That's surprising, because having bought tires for many years, typically, you know, you do have some type of...

(CROSSTALK)

MR. CRIGGER: I know.

MR. GREEN: ... you know, warranty, and you'll go back in...

MR. CRIGGER: I think this would come under the, sort of, the standard warranty, which would be -- we would adjust up to six years, I believe, depending upon...

MR. GREEN: Well, that gets into my next questions. You've had lots of questions on what Firestone is doing to correct the problem.

Obviously, a lot of our constituents, particularly mine in Houston, Texas, may have tires that are the ATX that may need to come in. And we understand from earlier testimony, there's a waiting list.

I'd like to hear some of the questions about how Firestone is compensating its customers for these recalled tires.

MR. GREEN: It's my understanding its offering a \$100 rebate per tire.

MR. WYANT: That's correct.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. GREEN: OK.

And I happened to purchase a Bridgestone yesterday because of a tire mishap and it was \$116. And that wasn't bad because it wasn't the size tire that we're talking about. But it was for an SUV. And I'm interested in how this offer compares to what the average ATX tire would be. Is the ATX tire about \$100, or \$120, in the Texas market, for example?

MR. CRIGGER: I don't know that answer specifically. But my understanding is that the \$100 should be able to cover ordinary tire replacement, including the labor.

MR. GREEN: OK, and are you reducing it for tire wear? For example, if I had four ATXs on my Explorer and I drove them for 25,000, is that \$100 going to be covering all four, you know, each tire? Or is it -- is there going to be an adjustment based on the wear?

MR. CRIGGER: No, there's no adjustment for wear. We're replacing the tires regardless of wear or age.

MR. GREEN: OK.

Some of the impression I received from your testimony and also the concern I have, and I think my colleague from Ohio realizes how important it is that we as tire consumers, check our tires. In your testimony you said tread belt separations are usually caused by damage to the tires, improper repairs, overload, under-inflation or simply by using tires with excessive wear. That statement is in no way trying to transfer the responsibility to the user from the production.

MR. CRIGGER: No, sir, we know we have a problem here and we're trying to find it. That's simply the standard condition that we're talking about tires when that...

MR. WYANT: One comment on that. Again, the shoulder wear issue does happen in service. And it's very -- it's not infrequent to see belts that are worn off and exposed and the tire is brought in for an adjustment. And certainly that is a tread separation. But that is what happens out there.

MR. GREEN: In using SUVs for many years -- like I said, I don't get to hunt and fish near as much as I'd like -- but you typically do lower your air pressure when you're off road. But you put more in it when you're driving like everyday city driving or over the road. So I think most people who have those understand that; that if you -- so hopefully, they do remember to -- because if they don't remember to take it out, they'll probably get stuck somewhere.

But the other thing, when someone brings their ATXs in, and with the \$100 rebate, are they required to buy other Firestone tires, or they can get -- can they buy Bridgestone or some other?

MR. CRIGGER: No, any tire. They can go have those tires replaced with our tire, competitor tire, wherever. And then, they come in to turn in the tires because we have to account for them under the recall. And then, they get a refund for them.

MR. GREEN: OK, thank you, Mr. Chairman, I appreciate the time.

MR. TAUZIN: The chair thanks the gentleman.

The chair recognizes the gentlelady from New Mexico, Ms. Wilson.

MS. WILSON: Thank you, Mr. Chairman.

In a letter to the New Mexico attorney general, Glen Haas (ph), from Bridgestone, explains that you have abandoned your phased recall. But you do say -- he does say that, "The shortage of replacement tires at this point requires prioritization of those tires which are available in order to maximize overall public safety. We're attempting

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

to address that issue generally by directing greater numbers of tires proportionally to those areas which we have experienced the greatest number of incidents."

Why isn't New Mexico on the list?

MR. CRIGGER: My understanding is that all of the hot states are trying to be satisfied in their needs. We're trying to satisfy all the requirement everywhere.

As you mention the letter -- we quickly abandoned the phased recall idea. The phase recall idea was never meant to be -- although there was a misunderstanding that the -- state one would be handled first, and then only after it was handled would state two be handled and so on.

But we are trying to go where there's the greatest need. We're doing everything we can to get tires to all the states. And as we've just discussed, we've opened it up so that any competitor tire available anywhere that a consumer can find, for a replacement, is eligible for the replacement as long as it is within the parameters of the vehicle.

MS. WILSON: Let me ask that again. You've given a list of where your highest priority states are, based on your analysis of the incidents. Why isn't New Mexico on the list?

MR. WYANT: At the time of the creation of that list, I believe New Mexico was right at the cutoff of phase two. When it was originally described it just went in sequence and it was just a cutoff based on where does it begin to level out. Now, that may be slightly different now, but that's what it was based on.

MS. WILSON: And that was just based on numbers of incidents; is that correct?

MR. WYANT: That's correct.

MS. WILSON: Not numbers of incidents per capita, right?

MR. WYANT: That's correct.

MS. WILSON: So there are what -- how many people are there in the state of California, Jim? Can you help me? What's your population?

MR. ROGAN: Thirty-four million.

MS. WILSON: Thirty-four million people in California; 1.6 million people in New Mexico. Ten percent of your fatalities are in the state of New Mexico and you didn't bother to figure out that per capita might make a difference?

MR. CRIGGER: Clearly that was a mistake. Clearly we have abandoned that kind of a program and we're trying to satisfy everyone's need as quickly as we can.

We didn't wait to make the recall. As soon as we understood what was happening, we took the tires back. We didn't know why, but we took the tires back. We couldn't, of course, have an inventory of that many tires and we couldn't -- the industry couldn't supply that many tires.

So we've made some mistakes along the way, there's no question. But we didn't make a plan that was all worked out. We simply reacted as quickly as we could and we've been changing and modifying as we've gone along to try and make it better for consumers wherever we can.

MS. WILSON: You know, it'd be nice -- you're saying here tonight that, you know, clearly you've made mistake. Boy, that's real clear now, but it would have been real nice if you'd been willing to acknowledge that in 1997, when you began gathering data that said that over 2,500 tires were separating. It would have been even better if, when

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

the attorney general wrote to you from the state of New Mexico, that you would have acknowledged that in the letter that you sent back to her and said, "Oops, you're right. Let's fix it."

Let's talk a little bit about that data. You said and said publicly many times and said here again today that you're working round the clock to find the root cause. When did Firestone start working round the clock to find the root cause?

MR. WYANT: That was about the same time or slightly prior to the decision process in early August.

MS. WILSON: So you started working round the clock in August of 2000; is that correct?

MR. WYANT: That's correct.

MS. WILSON: What were you doing while you were gathering this data and running your tests and going out to Phoenix and Tucson and trying to figure out whether you had a problem?

MR. CRIGGER: Well, we're always monitoring field performance. As I mentioned before -- and believe me, this is extremely regrettably as we look back in hindsight -- but the type of claim data that we're talking about there was not used as a measure of performance indication. What we did...

MS. WILSON: What was this data used for?

MR. CRIGGER: It was a summary of the number of claims and I believe it was used in an accounting sense.

MS. WILSON: To determine your profit and loss in liability, wasn't it?

MR. CRIGGER: It was a summary of the liability, that's correct. But it was not an indicator...

MS. WILSON: So you looked at it from a financial point of view but not a consumer-safety point of view?

MR. CRIGGER: I'm sorry to say that I believe that's the case. Obviously, that's different today. But the information that we were looking at in plant testing, field testing, warranty data, all of the information that we relied on for quality and assurance that the tires were good, all looked right. It all looked good.

Now, what we've seen different here -- and you're right; when you look back at this, you see that this is a different phenomena. This is a population of tires that's so big that the claims data have validity and we never had a population of tires like that before. And now, of course, we've seen it and we acted on it as soon as we saw it.

MS. WILSON: Mr. Crigger, I...

MR. CRIGGER: I wish we had seen it sooner.

MS. WILSON: I guess I just end by saying this: I'm a pro- business Republican. I'm married to an insurance defense attorney. We talk a lot about liability in our house and about tort reform, and I usually lose a little creditability with every audience that I admit that I'm married to a lawyer. Despite that, he's a nice guy.

But it seems to me I'm looking at a company that pays attention to claims data as it affects profit and loss and liability. and you've lost your way. and it's about time you fired your lawyers and started listening to your hearts and protecting the people of this country.

MS. WILSON: And when you do that, you'll recover your reputation as a great American company.

Thank you, Mr. Chairman.

MR. TAUZIN: I thank the gentlelady. And as a recovering lawyer, I want to applaud your statement.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

(LAUGHTER)

The chair recognizes the gentleman from Minnesota, Mr. Luther.

MR. LUTHER: Thank you, Mr. Chairman.

I want to follow up a little bit on the testimony about claims. As I understand what you're saying, is that you've always looked at warranty data rather than claims data in judging performance or making a decision on a recall? Is that what I hear you saying?

MR. CRIGGER: That's correct.

MR. LUTHER: When did you change your policy and begin starting to look at claims data?

MR. CRIGGER: My understanding is that, when we were working in the preliminary evaluation, gathering data, supplying data to NHTSA, that this kind of data came into play. We started looking at it, collecting it. I also understand that it wasn't captured in all the easy electronic ways that some of the other data was, and so it had to be compiled. But that's...

MR. LUTHER: So really, that's in the last month?

MR. CRIGGER: It was very close to the time in which we made the recall determination, that's correct.

Not that we hadn't looked at this data. That's the problem here, is that we had looked at it, we would never looked at it in conjunction with performance of tires.

MR. LUTHER: OK.

The -- well, I guess where that would take me is, how many claims do you have today?

MR. CRIGGER: I don't know the answer to that.

I'm advised that associated with the original population of the preliminary evaluation, it was about 2,400 claims.

MR. LUTHER: OK.

And over what period of time, in other words, when did they start, what percentage are in litigation?

MR. CRIGGER: Over a period of 10 years, and less than 10 percent of them are litigated.

MR. LUTHER: OK.

And I assume, expert opinions have been rendered in those cases. Experts have been hired by the adverse parties and opinions have been rendered?

MR. CRIGGER: Yes.

MR. LUTHER: Would that span the entire 10 years, then?

MR. CRIGGER: During that time, yes.

That's one of the things that, because the numbers have clearly, this year gone up dramatically, attendant to the publicity and everything else, but they weren't know in those numbers before. And as we did the forensic analysis, just as you suggest, with experts other than our own, on tires in individual cases, in virtually all of those cases, there were punctures, improper repairs or something that influenced the tire from the outside.

MR. LUTHER: And what opinions have been rendered by the adverse parties in those cases?

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

(CROSSTALK)

MR. CRIGGER: There've been a variety of opinions that have been rendered.

MR. LUTHER: Could you share some of them with us?

MR. CRIGGER: Sorry, these are just -- it's not an area that -- in addition to the kinds of things that I described, there have been opinions or claims of design defects, certainly, manufacturing defects, contamination, other areas.

MR. LUTHER: And would you be willing to share those opinions with the committee at the request of committee staff?

MR. CRIGGER: Yes. Yes, we will.

MR. LUTHER: And have some of those cases been settled?

MR. CRIGGER: I believe they have.

MR. LUTHER: Are any subject to confidentiality agreements?

MR. CRIGGER: My understanding is that confidentiality agreements are in place, in some cases, to protect industry trade secrets.

MR. LUTHER: And obviously protecting any trade secrets, setting that aside, are you willing to waive those confidentiality agreements in order to get the information to the committee?

(CROSSTALK)

MR. CRIGGER: Other than a necessity to get release from plaintiffs in some of those cases.

MR. LUTHER: Right. But at least from your standpoint, you're willing to waive them.

MR. CRIGGER: Particularly settlement amounts and those kinds of things, non-trade secret areas, yes.

MR. LUTHER: Well, I'm referring to the causes here and the information.

MR. CRIGGER: My understanding is that's not subject to confidentiality now.

MR. LUTHER: But in any event, from your standpoint, you'll certainly weigh that so the information can be made available?

MR. CRIGGER: That's correct.

MR. LUTHER: Then when did you start doing an internal analysis within your company of these claims?

MR. CRIGGER: Well, as I mentioned, my understanding is we've always looked at claims. But they've been looked at separately, they weren't part of what I would call the QA review of tire performance. So that data has been looked at.

MR. LUTHER: But are documents, internal company documents that reflect these claims and the analyses that have been done?

MR. CRIGGER: Yes, I'm sure that's correct. But only in the most recent case, which, of course, is the most serious case, did this become a factor in our discussion of performance.

MR. LUTHER: But those internal documents again would be available to the committee?

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. CRIGGER: I believe they have been provided.

MR. LUTHER: And if not, any requests...

MR. CRIGGER: We certainly will honor requests, yes.

MR. LUTHER: Then, on that, the final point, on the current advisory from the agency, on the 1.4 million tires, when will you be able to decide on that? Because obviously, any member of this committee can have constituents right now driving with those tires, and I'm sure everyone would be very interested in knowing exactly when can we have a firm decision from you on that.

MR. CRIGGER: I understand we're trying to diligently look at those individual cases. Because, as I mentioned earlier, in may of those there is only one claim that has generated the rate. And we're trying to do that in a matter of days.

MR. LUTHER: So, we're looking at a matter of days on each of the categories that fit within that request?

MR. CRIGGER: I think to review all of the categories.

MR. LUTHER: OK, thank you.

Thank you, Mr. Chairman.

MR. TAUZIN: If the gentleman will yield, does that mean you will have a public decision within a few days on whether to agree or not agree on these new recalls or expansions?

MR. CRIGGER: Yes.

MR. TAUZIN: So, it's a matter of days away from a decision?

MR. CRIGGER: That's correct.

MR. TAUZIN: Thank you, Mr. Luther.

The gentleman from Illinois, Mr. Shimkus, is recognized.

MR. SHIMKUS: Thank you, Mr. Chairman.

The first question is pretty basic. And it's to Mr. Ono, because I've received this question, and so I'd like for Mr. Ono to answer it and then I'll tell Mr. Ono how I answered the question. The question posed to me today was, "What do I tell the employees at the Decatur Firestone plant?" So my question is what would -- if you were asked that question, what would you tell -- what is your message to the Firestone employees in Decatur, Illinois, today?

MR. ONO (THROUGH TRANSLATOR): As far as my message to the employees at the Decatur plant, I have already issued a message to improve quality even more, and have asked for their endeavor in this area.

MR. SHIMKUS: I was asked that by one of the local media. Decatur is approximately 30, 35 miles from my district. I do have some of your employees as my constituents. My response to the employees is, "Work with management to produce the best quality tire and regain the trust of the American people." And that's in the best interest of my constituents who work in your facility. And hopefully, you can move in that direction.

MR. CRIGGER: We know we have 2,000 dedicated, committed employees in Decatur, and we want to find the root cause so that we can satisfy the country and satisfy Decatur.

MR. SHIMKUS: Mr. Chairman, that's all the questions I have. I yield back.

MR. TAUZIN: Thank the gentleman.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

The gentlelady from California, Ms. Eshoo, for five minutes.

MS. ESHOO: Thank you, Mr. Chairman, for calling this all- important hearing.

I'd like to begin by asking the people that are here testifying when you began to reimburse buyers of ATX and Wilderness tires who experienced this tread separation. When did you start reimbursing them?

MR. CRIGGER: Do you mean under the recall program? When did we...

MS. ESHOO: The very first time that something happened, when did you start to reimburse for the tread separation?

MR. CRIGGER: If I understand the question, we would have done ordinary warranty adjustments from the first incident or the first presentation.

MS. ESHOO: I don't think this is an ordinary warranty adjustment. I don't think that's what the hearing is about. I think you know exactly what I'm asking about. I'm not talking about tires that may end up with X number of nails in them. I'm talking about the tires that are in question.

So what I'm looking to determine from you is when this began. When was there a reimbursement of these -- on the ATX and the Wilderness tires? Maybe I should ask you when you began to reimburse State Farm policy holders or any other policy holders for damages that were sustained from tread separation.

MR. CRIGGER: Let me see if I...

MS. ESHOO: I can't believe that this is a clouded question. I am known for being pretty direct. And I don't know how -- let me move on and ask how many reimbursements you made and how much was paid out?

MR. TAUZIN: Would the gentlelady yield?

MS. ESHOO: You don't know anything about that either?

MR. CRIGGER: I'm not sure. I'm still not sure of your question. I think the first lawsuit that was brought on these recalled tires was in 1994.

MR. TAUZIN: If the gentlelady would yield.

MS. ESHOO: As a result of that, did you initiate any corrective action on your part? Were there any mini-recalls? Was there any change in tire makeup? Was there testing?

MR. CRIGGER: I don't think there was -- on each individual case of course there is a forensic analysis. In the 1994 case, there was no determination of any tire problem associated with that case. But we do continuous field survey, continuous testing, and continuous monitoring of the warranty data.

MS. ESHOO: So it was so insignificant -- well, this is what it seems to be drawing to -- it was so insignificant that until the 6.5 million tires were determined to be part of a recall that the action was just so slow that you considered it insignificant?

MR. CRIGGER: No, it's never insignificant when anyone is injured or there's a loss of life associated with our product.

MS. ESHOO: When was the flag raised?

MR. CRIGGER: Let me try to...

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MS. ESHOO: What was the determining factor? Whether it was reimbursement to buyers relative to the problem, when did the red flag go up with Firestone/Bridgestone?

MR. WYANT: The decision was made on August 8 and the announcement was made on August 9, and that's when the reimbursement program began.

MS. ESHOO: There never was any reimbursement before that?

MR. WYANT: OK. Reimbursement in a general term in the tire industry, radial tires, particularly, come out of service quite frequently due to tread separations or wearout to tread separations. And in that sense, there is adjustment or reimbursement as a course of business to satisfy customers and that has been practiced for many years for all tire companies.

MS. ESHOO: So business was going along just fine until August 8; is that what you're saying?

MR. WYANT: No, obviously not.

MR. CRIGGER: Obviously not.

MS. ESHOO: Why can't you answer that question then? Were there any indicators, any red flags, anything that went up before this debacle, this consumer debacle, public relations debacle for your company, tragedies for families? Was there anything that you ever considered before this that you can share with us?

MR. CRIGGER: All of the information that we used -- the traditional information to evaluate the quality and performance of tires showed these tires to be good tires, effective tires.

MS. ESHOO: Let me ask you...

MR. CRIGGER: When we...

MS. ESHOO: What do each one of you drive? What kind of tires do you have? What do you drive?

MR. CRIGGER: I have Wilderness tires.

MS. ESHOO: You have what?

MR. CRIGGER: I have Wilderness AT tires.

MS. ESHOO: You do. Have you gone to your local dealer or what have you done about them?

MR. CRIGGER: They're not among the recall population.

MS. ESHOO: Are you worried about driving on them yourself?

MR. CRIGGER: No, I'm not.

MS. ESHOO: Or your family?

MR. CRIGGER: No, I'm not. And many -- obviously, Firestone is very...

MS. ESHOO: Do you really mean that?

MR. CRIGGER: ... concerned about this.

MS. ESHOO: Do you really mean that?

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. CRIGGER: We have employees as well. We're a big organization in terms of employees, and our employees drive on these same tires that are being recalled. If we had had any indication that we should do something, we would have done it.

We have done the right thing. We reacted when we knew. We wish we knew earlier. Clearly, we wish we knew earlier. None of us -- it rips the hearts out of the whole company and the individuals in it to think that people have died on our tires.

MS. ESHOO: Well, then, why are you resistant to the additional 1.4 million? Where is that resistance coming from and why?

MR. CRIGGER: We're trying to evaluate that now. But as I mentioned, in those cases -- in many of those cases...

MS. ESHOO: If you didn't evaluate the data...

MR. CRIGGER: ... there is...

MS. ESHOO: ... before though...

MR. CRIGGER: I'm sorry?

MS. ESHOO: ... why would the America public trust you to evaluate data fairly now...

MR. CRIGGER: Clearly, we have to...

MS. ESHOO: ... when the signal only went up on August 8?

MR. TAUZIN: The gentlelady's time has expired. The gentleman may respond.

MR. CRIGGER: Clearly, we need to regain America's trust, there's no question about that and we want to do that. We're trying to do that.

MS. ESHOO: Can the rest of the people on the panel...

MR. TAUZIN: The gentlelady's time has expired.

I have a request from Mr. Dingell, who had to leave early because of his foot injury, to make the vote; and, therefore, asked additional time to ask a question. Is there any objection?

Without objection, Mr. Dingell is recognized for two minutes.

MR. DINGELL: Mr. Chairman, I thank you.

Gentlemen, your statement says that, "In its efforts to find the root cause of the problem, Firestone is looking at plant operations in the mid-1990s. This included a period of time when Decatur and other Firestone plants were operated with replacement workers."

I'd like to bring to your attention a graph over there, which shows, in purple, the claims rate attributable to tires produced at the Decatur plant during the time it was operated by replacement workers and the claims attributable to that plant after the strike ended in 1996. This graph was prepared by request by Ford Motor Company using Firestone's tread separation data.

As you can see, claims attributable to production at Decatur dropped dramatically after the strike ended. From January of 1995 to November 1996, when replacement workers operated the plant, the claims rate was extremely high: 404 claims per million tires produced.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. DINGELL: After November 1996, when permanent workers were allowed to return to their jobs, the claims rate attributable production at the plant fell 55 percent, to 183 claims per million tires produced.

Now, I would note that, to me at least, the claims rate of 183 per million is still too high.

But the question now, does this analysis not indicate to you, and to me, that a significant part of the problem at Decatur occurred during the time the plant was operated with replacement workers?

MR. WYANT: We don't have any disagreement about the timing. I believe the strike was '94, '95, with replacement workers, and it is coincident with that peak. And we are looking at that, have been looking at that. And it is still on the table. But we're not here to blame the workers of the Decatur plant.

MR. DINGELL: It's pretty hard to say it's a coincidence. You had a low level of failure and complaints. Then the strike came, you put in replacement workers. Then you had a significant increase in the number of claims. Then when the regular workers came back, the level of claims subsided.

Now, what could have caused the ATX 15-inch tires produced at Decatur to account for such a large number of claims during that period?

MR. WYANT: That is what we're trying to determine through the cause team to find out that same answer. We'd like to know what that answer is. We just do not know at this time.

MR. DINGELL: You have not been just looking at this today. This is a question that's been before you for a long time. Here you have a question of replacement workers in there. It's the only thing that anyone here can point to. Can you point to anything else which would indicate a basis for assuming that this was a cause for this enormous increase in the level of claims?

MR. WYANT: I am not prepared to say that this is the cause. It is coincident in time, we all agree.

MR. DINGELL: Now, let us look here. Decatur is not even the largest producer of ATX 15-inch tires; Joliet and Wilson are both larger producers of these tires, are they not?

MR. WYANT: That's correct.

MR. DINGELL: Now, you indicated to me earlier, that replacement workers were not used in positions that required technical expertise, such as inspectors, quality control and allers (ph). Now, are you able to make -- can you tell me who was used to do that kind of work? Was it replacement workers, was it regularworkers who had been doing the work previously? Was it management, who did that work?

MR. WYANT: The people that did that work at that time at the initiation of the replacement program were salaried people, they were supervisors, they were QA people, they were lab technicians.

And as I indicated before, we will get you documentation that shows what happened throughout that process. I do not know if that was 100 percent of the way or part of the way.

MR. DINGELL: All right.

Now, it must be observed that in those plants, for that kind of work, you did use hourly, blue-collar workers, did you not, for inspectors and for allers (ph)?

MR. WYANT: That's correct.

MR. DINGELL: That is correct. So you lost the entirety of them -- of that body of workers when the strike occurred, did you not?

MR. WYANT: That's correct, but we...

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

(CROSSTALK)

MR. DINGELL: That's correct.

MR. WYANT: ... we retained the course that the supervisors in those areas and other technical people...

MR. TAUZIN: The gentleman's time...

(CROSSTALK)

MR. MARKEY: Would the gentleman yield, briefly?

MR. DINGELL: If I have time, I'll be happy to yield, but I'm afraid it's all gone.

MR. MARKEY: I'd just like to follow up on this Decatur question, just for a second. When did you find out that there was a higher rate of separations at the Decatur plant than other plants?

MR. WYANT: The claims data indicated that when we went into the detailed analysis here in the end of July.

MR. MARKEY: So the end of July was the first time that you knew that you had a higher rate of separations at Decatur than other plants?

MR. WYANT: The big indicator was on the claims data. If we look at the adjustment data there is lesser of an indicator; that is correct.

MR. MARKEY: Well, let me refer you to -- in book one, here. Do you have it down there? In book one, tab 25, in book one, there is a chart on tab 25, a memo to Dave Lobby (ph) from Williams Thomas (ph), and it's -- the date is - - let me get the date here.

MR. MARKEY: The date is January 19, the year 2000. So it was the beginning of this year.

If we move into this tab and you move about 10 pages in, what you'll find is, the 1997 separations by plant, and under your own document here, it says that 57 percent of the total separations in 1999 came from the Decatur plant.

MR. TAUZIN: Which, by the way, was 10 percent of the total production.

MR. MARKEY: And then it lists all the other plants.

Moreover, a little bit later, which I'm sure was of great concern to you, about three pages later in this memo, it says that 62 percent of the total separation costs came from the Decatur plant. So that must have been of great concern to someone in the corporation that at only one plant, 62 percent of your costs were now arising from these separations.

This notice that you had of this problem was January 19 of the year 2000.

Moreover, on the first of those pages that I referred you to, it actually has the 1998 numbers as well, which shows that the lion's share of the problems in your operation came from Decatur. And I'm not talking 20 percent or 30 percent, but 57 percent, 62 percent of your problems.

Don't you consider that to be notice that you had a serious problem at the Decatur plant?

MR. TAUZIN: There's a document a year earlier than that, Mr. Markey, in the book. It shows the same thing.

By the way, my correction: It was 18 percent of total production, with 57 percent of separations.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. MARKEY: Fifty-seven percent.

MR. TAUZIN: But there's a document a year earlier than the one Markey's citing.

MR. MARKEY: So following up then on the point that Mr. Dingell made, the temporary workers were hired, they made these tires. In 1998 and 1999, in your document, you have evidence that the Decatur plant is responsible now for the lion's share of all the separations of your entire operation.

Do you consider that to be notice that you had a serious problem with these tires that were affecting the public?

MR. CRIGGER: As we discussed earlier, I wish we had looked at this kind of a document in conjunction with our performance in terms of the tires.

This was looked at in a different way. It was not...

MR. MARKEY: What was the document prepared for? The document was prepared in order to identify problems at your plant. The document was prepared in order to find out what the liabilities for your company would be because of defects in a product that the public was buying. What other reason would this document have been prepared, other than for you to identify a serious problem at the Decatur plant, subsequent to the strike which had led to the production of these defective tires?

MR. CRIGGER: Clearly we have a problem with the Decatur plant, and we're trying to determine the cause. It would be easy to blame the replacement workers, but we haven't been able to pinpoint that...

(CROSSTALK)

MR. MARKEY: No, no, I'm talking about you now. I'm not talking about the replacement workers. I'm talking about this is a January 19, 2000, memo to you.

MR. CRIGGER: Yes.

MR. MARKEY: You did not begin this recall until August.

MR. CRIGGER: That's correct.

MR. MARKEY: Why did you wait nine months? You knew in January that you had a serious problem and you wait until August to recall the tires.

MR. WYANT: Just to comment on that, we're not here to make excuses about that and we've acknowledged that issue. But some of the confusing factors about this, there is increasing production in this time period and there is abundance of flotation-type tires that are in this plant, and they are on -- substantially on this list of 1.4 million, and they are an extraordinary service, much more difficult service, higher percent off-the-road, and it makes it more difficult to make the analysis clear.

As Mr. Crigger said, in hindsight we should have taken this as a flag and done a better job of investigating...

(CROSSTALK)

MR. TAUZIN: We're proceeding a little out of order now, and we're going to wrap your testimony in just a second, but I want to follow-up on both of my friends' questions.

MR. TAUZIN: You provided NHTSA and us with this '98 separations by plant graph that Mr. Markey is citing. Did you prepare one for '97? We don't have it.

MR. CRIGGER: We'll check. If we have it, we'll certainly give it to you.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. TAUZIN: Was this an annual preparation? And do you have them for previous years? If you do, I'm making a formal request upon you for those documents.

I believe...

MR. DINGELL: Mr. Chairman...

MR. TAUZIN: Mr. Dingell, you have about a few seconds left of that two minutes I gave you, sir.

MR. DINGELL: If I -- I'll try and do it.

I note here that Firestone representatives have told me during the period between July of '94 and the end of the year, which was before the replacement workers were brought in, the Decatur plant produced 641,325 tires.

How many did they produce after that -- after the replacement workers were brought in in a similar period of time?

MR. CRIGGER: I do not have that information available to me.

MR. TAUZIN: Please supply those production figures.

MR. CRIGGER: We can -- we can get that in, no problem, for you.

MR. DINGELL: And I'm curious how you could have produced this number here when you had -- when you apparently had a strike or some kind of difficulty going on.

Well, thank you, Mr. Chairman. You have been enormously patient.

MR. TAUZIN: Thank you, Mr. Dingell. We've -- again, we've tried to accommodate you. I hope you understand that.

And we've tried to accommodate all members, but we also have to accommodate our future panels.

Mr. Ono and Mr. Crigger, Mr. Wyant, at the initiation of this question-and-answer session, I made a request upon you which you agreed to honor in supplying this committee with all the test data on these tires. I want you to know why we want it, because we may have future inquiries directed to you.

We are going to want to know whether or not you were aware in 1989 and '90 that Ford was going to recommend and was, in fact, recommending 26 pounds per square inch in their Ford Explorers and knowing that, did you, in fact, test at high speed for that that pressure. And, if not, how is it that you certified these tires to Ford so that they would put them on the Ford Explorer line as it went out to consumers not only in America but across the world?

Those are very important questions. And I can't get answers to them because you have failed, over the last week, to supply us with test data information.

MR. WYANT: Well, we have been looking for that data almost around the clock. And it's older data and we have not yet found that. But we'll do everything we can.

MR. TAUZIN: Well, I hope it doesn't show up on somebody's coffee table, but I expect to see it as soon as you find it. And we can proceed with these questions. The record will stay open for 30 days as is our custom.

We reserve the right to submit written questions to you as well as to make further requests for documents. We hope that you will comply. As I pointed out, we do have power of subpoena. I would rather not have to exercise it if you will be as freely cooperative as I -- as you've indicated you want to be today.

There've been numerous requests from other members for documents. I hope you've got a good list of them, because we do. We'll be expected to see them as quickly as you can obtain them for us.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

I don't have to tell you that this is not the end; this is just the beginning of this inquiry. We are anxious as I hope you are to see this behind us and Americans and citizens of the world who buy your products much safer individuals.

We thank you for your testimony and you are dismissed.

MR. CRIGGER: Thank you very much.

MR. WYANT: Thank you.

MR. TAUZIN: The chair will now call the third panel, which will consist of Mr. Jacques Nasser, president and chief executive officer of Ford Motor Company, Dearborn, Michigan; Mr. Thomas Wellman (ph), engineering director of the Truck Consumer Business Group, and Mrs. Helen Petrokis (ph), vice president, environmental safety engineering.

The chair recognizes -- it'll just be Mr. Nasser?

Then we will welcome Mr. Nasser.

And the chair recognizes Mr. Upton to administer the oath to the witness.

Mr. Upton?

MR. UPTON: Mr. Nasser, we thank you for waiting patiently throughout the day. And as you heard us with the first two panels, we have a long-standing tradition of taking your testimony under oath. Do you have any objection to that?

MR. NASSER: (OFF-MIKE)

MR. UPTON: And committee rules allow you to be represented by counsel as well. Do you wish to have counsel?

MR. NASSER: (OFF-MIKE)

MR. UPTON: OK.

If you'll raise your right hand. Do you swear to tell the truth, the whole truth and nothing but the truth, so help you God?

MR. NASSER: I do.

MR. UPTON: You are now under oath. And I yield back to Chairman Tauzin.

MR. TAUZIN: Thank you, Mr. Upton.

Mr. Nasser, as is customary, I rule your written statement as a part of our record. You have five minutes to summarize, that we might get into question and answers. And you are welcome, and, again, my appreciation for your reconsidering in being with us today, and particularly for sitting through this long hearing, at this point.

Mr. Nasser?

MR. NASSER: Good evening, Chairman Tauzin and Chairman Upton and members of the committee.

I appreciate the opportunity to be here. I know this has been a very complicated and very sad situation, and we're all concerned.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

But before I discuss the Firestone recall, I would like to say a few words about our company. As I think everyone knows, Ford has a distinguished heritage and a bright future, and without question, it's an American icon. And throughout our history, our strength has been with our employees and loyal customers.

Thirty-two years ago, I joined Ford Australia as a trainee, and I never dreamed that someday I would lead Ford Motor Company and represent the Ford team.

And I'm here, tonight, because I know that you and the public have questions about the tire recall, and I'm here to answer those questions, and I will remain here until you are satisfied.

Now, let's get to the heart of the issue. When did Ford know there was a problem with the Firestone tires? What have we done about it? And what are we going to do about it in the future?

Let's start with, first, when did Ford know there was a problem with the Firestone tires? Now, I've said this before, Mr. Chairman, but I think it's worth repeating. Because tires are the only component of a vehicle that are separately warranted, Ford did not know -- I'll repeat that -- Ford did not know that there was a defect with the recalled tires until we virtually pried the data from Firestone's hands and analyzed it ourselves. It was only then, a few days before the recall was announced, that Ford engineers discovered the conclusive evidence that the tires were defective. We then demanded, insisted that Firestone pull the tires from the road.

Looking back -- now, it's easy to look back at this point -- the first signs of a problem developed in Saudi Arabia -- and we've had a lot of discussion on the Middle East and Saudi Arabia during this hearing -- and it first started when our dealers reported to us complaints.

We immediately asked Firestone to investigate. Firestone did so. And they concluded that the tread separations were caused -- and you heard that earlier this evening -- by improper maintenance and road hazards that are unique to that environment.

I've got to say that we were still very troubled by that explanation, so we didn't stop there. We then asked Firestone to conduct all sorts of tests on those tires. And after each and every test, Firestone reported there was no evidence of a defect.

This did not satisfy our Saudi customers. And for us, customers are paramount.

So about a year ago, Ford replaced the Firestone tires. We replaced them with Goodyear tires, because we had no choice. We did it, because we put our customers first.

I should add, that at the very same time that we were going through those issues in Saudi Arabia, we wanted to know if our U.S. customers were having tire problems. And this goes back to early last year, when we asked Firestone to review its data, and we were assured at that time that there was absolutely no problem in the U.S.

Our data, as well as government safety data, didn't show anything either. So we had nothing to go on at that point. Firestone was saying, no problems. The government data suggested there weren't any problems. Our own data, which is limited, because we don't warrant the tires, suggested no problems.

We still felt that we should do more. We didn't want to stop there. We kept on going. And we asked Firestone for one more evaluation, a deep-dive, thorough evaluation, particularly in the Texas, Nevada and Arizona area, because that's where a lot of these tires and a lot of the volume happen to be.

Firestone reported back, as before, that there was absolutely no defect. And you've heard some of that earlier this evening.

My purpose isn't to finger-point. That's not what this is about. But simply to tell you that at each and every step, Ford actively -- proactively took the initiative to uncover the tire problem and to try and find a solution.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. NASSER: But it was not until Firestone's confidential claims data became available to us that it became clear that something had to be done.

Looking back, particularly after listening to the testimony this evening, if I have one single regret it's that we did not ask Firestone the right questions sooner. That's my single regret, that we didn't ask them the right questions sooner.

So what have we done so far because we're here and we've got to try and find a solution? We started by insisting that Firestone recall the bad tires, and I can take you through a chronology of that later, if you wish. I then made a commitment to our customers that Ford would dedicate all of its resources to support the Firestone recall. In just three weeks, over 1.7 million tires have been replaced.

We also have worked very closely with Firestone's competitors, the global tire industry, to increase tire availability. I spoke to the heads of every one of those companies to encourage them to get good tires into the U.S. market as quickly as possible. We also suspended production at three of Ford's plants because we wanted to free up more replacement tires for the recall.

In summary, we did everything we possibly could to replace bad tires with good tires as quickly as possible. Now, looking forward, what are we going to do because I share the sentiment of the committee, that is the most important thing we've got. We can't let this go on.

Mr. Chairman, there are almost 3 million Goodyear tires on Ford Explorers that have not had, as far as we know, one tread separation problem -- 3 million tires on Explorers. So we know that this is a Firestone tire issue, not a vehicle issue. But we stand back from it and say, "We've got to make sure it just doesn't happen again."

So today, we are announcing, and I think this has to be done jointly with NHTSA and the committee and with the cooperation of other manufacturers and the global tire industry, that we implement two new reforms that we feel are critical for customer safety going forward.

First, we will work with the tire industry to implement an early-warning system. This early-warning system will be designed to detect the first sign of tire problems on vehicles already on the road. And this reporting system must use comprehensive, real-world data that we now know is so critical to spotting defect patterns.

Second, and this was mentioned earlier by the safety agency, because everyone's products and our products are increasingly sold around the world -- this is a global marketplace -- we will advise U.S. safety authorities of safety actions that are taken in overseas markets and vice versa. From now on, when we know it, so will the world.

I have to say that I have received hundreds of letters from Ford owners and I have spoken personally with many of them, and believe me, some of these conversations have been extremely difficult. And I want you and all Ford owners to know that we, at Ford, will not rest until every bad tire is replaced, and I will do everything in my power, as the president of the Ford Motor Company, to maintain the confidence and the trust of our customers.

Thank you, and I would be pleased to answer your questions at this time.

MR. TAUZIN: Thank you, Mr. Nasser. The chair recognizes himself.

Let's first examine, indeed, what Ford knew and when Ford knew it. You candidly admitted that you regret not asking Firestone early enough for data. Our evidence is that you, in fact, asked for the claims data after NHTSA began the investigation; is that right?

MR. NASSER: It is. Can I take you through the chronology at this point, Mr. Chairman?

MR. TAUZIN: Well, I won't have time for the whole chronology. Do you want to write on that point?

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. NASSER: It won't take long. We requested it on June 6; that was the first request. Our second request was on July the 11th. Our third request was on July the 15th. Our fourth request was on July the 20th. We finally received the data on July the 28th.

MR. TAUZIN: Well, let's look at the data, and help me with this. These are claims brought by claimants whose tires caused them to have an accident, in their opinion. And of this 1,800 claims, about 1,400 involved, we're told, Ford Explorers of that number. Was Ford Motor Company not sued in these same lawsuits?

MR. NASSER: I'm sure we had lawsuits but we never knew what the problem was.

MR. TAUZIN: Was Ford a part of these lawsuits?

MR. NASSER: I'm sure we were.

MR. TAUZIN: In the context of Ford being sued along with Firestone, did you not also, as a company, keep claims data?

MR. NASSER: We did not have claims data on tire problems.

MR. TAUZIN: So you don't have and never kept the same kind of claims data on these lawsuits that Firestone has?

MR. NASSER: No, we do not keep claims data on tires. We...

MR. TAUZIN: Did you keep records of complaints by your dealers -- Ford dealers, about these tires?

MR. NASSER: I don't think we actually get a very good database on this.

MR. TAUZIN: What's your service hotline all about?

MR. NASSER: Service hotline is a method where customers can call in, dealers can call in...

MR. TAUZIN: And dealers can call in, right?

MR. NASSER: Yes.

MR. TAUZIN: I want to take you to one. Document 71, page three, would you follow it with me, please?

MR. NASSER: Yes, let me look at that.

MR. TAUZIN: Yes. It's dated 8-19-96, pretty early in this process. And it's a report summary to the tech service hotline from, apparently, a dealer. I can't tell which dealer it was. But here's what it says, quote, "Tires make a knocking, thumping noise. You can see the tire belt distort if you spin them up. Dealer has 16 Explorers like this. What can be done? Balancing has no effect; you have to replace the tires." It's a clear indication from a dealer to your service hotline that there's a tire problem out there dated 8-19- 96.

Did a report like this to a hotline not raise a red flag at Ford that there was a tire problem on its Explorers?

MR. NASSER: If you go back to our history of the defects, at every time, whether it was in the U.S. or anywhere else, we tried to get to the bottom of the defects. When you're selling seven million vehicles a year, of course, we will have calls that relate to service issues.

MR. TAUZIN: But you get my drift. There's a lot of stuff going on out there. A lot of tires are failing, you're being sued, Firestone's being sued, and dealers are issuing calls to your hotline -- 16 Explorers at one dealer.

MR. NASSER: Mr. Chairman, let me just add a comment here.

MR. TAUZIN: Yes.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. NASSER: Sixteen Explorers -- we don't want one Explorer that has any problem.

MR. TAUZIN: I understand that.

MR. NASSER: But if you look at the safety record of Explorer, if you look at the quality level of Explorers...

MR. TAUZIN: Mr. Nasser, I'm an Explorer owner, you don't have to sell me. I've bought already. But I'm trying to...

MR. NASSER: Let me tell you, I just want to keep going there.

MR. TAUZIN: What I'm trying to ask you is that when your dealer calls the hotline and says, "We have 16 Explorers where the tires can't be balanced because the tire belt distorts when you spin them. You've got to replace these tires," that seems to tell me, as a motor company, that Firestone is selling me some defective tires. Wouldn't that tell you that in 1996?

MR. NASSER: Well, looking back on it now, it certainly seems like that was the case.

MR. TAUZIN: Yes.

MR. NASSER: And we went into a rigorous review and analysis of every one of those cases.

MR. TAUZIN: I want to point you to document 54, as well. It's Ford document dated 9-14-99, which is your customer complaint system. And it indicates that you found 32 possible tread separation claims on Firestone and Goodyear. So that you're at least getting information from customers that these tires supplied by Firestone are giving you problems -- and Goodyear, by the way. And 10 of 32 possible claims were from Goodyear. And this is dated 9-14-99.

So, the point I'm making is Ford is, during this period, receiving information from its customers and from its dealers that somebody's giving you bad tires.

MR. NASSER: And that's why, throughout this period, we kept requesting more data trying to understand it. As you said there, these were possible tire issues...

MR. TAUZIN: Let's talk about what Ford could have known had some things happened. And I want to find out if they happened. You heard me ask about testing.

Did Ford, in the early stages of producing the Explorer and equipping them with Firestone ATX tires and Wilderness tires, in those early stages '89, '90 -- did Ford request Firestone to do a test at high speed, at the 26 pounds per square inch recommended pressure?

MR. NASSER: We did. We asked Firestone to conduct high-speed tests on those tires at 26 psi.

MR. TAUZIN: At high speed?

MR. NASSER: At all types of conditions.

MR. TAUZIN: Did you, in fact, receive evidence that they did so?

MR. NASSER: Let me go through the analysis that we went through and then I'll answer your question directly.

MR. TAUZIN: All right.

MR. NASSER: We did tell Firestone to conduct high-speed tests on these tires using the 26 psi. The air pressure was in the specifications that we gave to Firestone, and that's the specification and the certification that Firestone signed off on.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. NASSER: And, as you heard, Firestone have said publicly that 26 psi is OK. In addition...

MR. TAUZIN: So you interpret your specs to require them to do testing at 26?

MR. NASSER: Exactly. But we still weren't quite sure. So in addition to that, we ran our own tests, tougher tests. And we ran those vehicle tests at 26 psi on those Firestone tires.

MR. TAUZIN: Do you have records of those tests?

MR. NASSER: We will give you the records. And they go back to '89 and also to '94. And the tests are 200 miles an hour, at a minimum of 100 miles per hour. We can give you that.

MR. TAUZIN: At 100 miles per hour?

MR. NASSER: What?

MR. TAUZIN: You meant 100 miles per hour, not 200, I hope.

MR. NASSER: Two hundred miles at 100 miles an hour.

MR. TAUZIN: OK. All right. More like it. I've got an Explorer. It will not do 200, I promise you. I think I've tried it.

(LAUGHTER)

MR. NASSER: We'll put a supercharger on it for you, Mr. Chairman.

In addition to that, we also did even tougher tests that include j-turn tests and durability tests. And at that point, we were still very sure that these tires would meet every durability that we had.

MR. TAUZIN: Now Firestone certified the tires to you after you sent the specs to them. Did they specifically send you any test data that they may have run on the tires for speed testing at 26 psi?

MR. NASSER: I'm not aware of that and I don't think we have that.

MR. TAUZIN: What about in-process testing? Did you request Firestone to continually test in process these tires through the years of manufacture and sale to Ford Motor Company?

MR. NASSER: In the spring of '99, when there were allegations of tire pressure issues, we asked Firestone to do tough tests -- high- speed tests, durability tests -- and they did that at 20 psi.

MR. TAUZIN: I understand those special tests. I'm asking for regular, routine in-process testing.

MR. NASSER: We did not.

MR. TAUZIN: Did not.

MR. NASSER: No.

MR. TAUZIN: Let me make the same request upon your company that I did upon Firestone, and ask you if you will cooperate: Will you supply this committee with all the documentation of whatever tests were run on these tires at high speed under the pressure that you recommended consumers drive your Ford Explorers?

MR. NASSER: Of course we will.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. TAUZIN: Now let me turn -- quickly because I have to move on to my colleagues -- to the question of the Saudi business.

You made a great commitment here today, Mr. Nasser, and I think we can all appreciate it. You're going to tell not only our federal agency but other agencies around the world when you discover problems. That is obviously the way it should be. But that wasn't the way it was in 1999 in Saudi Arabia. Why not?

MR. NASSER: Well, if you go back to Saudi Arabia and look at the history, we didn't really have any good information. We knew there were problems. We didn't know what the problems were. We kept going back and trying to find out. We kept asking Firestone.

Finally, in desperation, we moved from Firestone tires to Goodyear tires. We did that because we wanted to give our customers more durable tires.

MR. TAUZIN: But in the Ford memo that we've often quoted, where there is a mention of Firestone legal team being concerned about the DOT noticing what was going on in Saudi Arabia, there was a second page. It was redacted from the first copy we got from Ford, but you have since supplied it to us.

MR. NASSER: Yes.

MR. TAUZIN: On the second page, there's a reference to the fact that "Lieutenant Cory (ph)" -- is it Lieutenant Cory McGilvery (ph)? -- "in the OGC last Monday about the proposal. He didn't think that working on a case-by-case basis with the owners of the damaged vehicles presented a problem, but he was concerned about the implications of owner letter" -- and in parentheses -- "(similar to the Firestone concerns). He was going to check with one of my colleagues and get more information."

This seems to imply that Ford was, in this memo, saying that they shared Firestone's concerns that the Department of Transportation in America would find out what was going on out there. Is that correct?

MR. NASSER: That was a Firestone concern. We didn't head in this direction. We didn't go in this direction. We went and replaced those tires with Goodyear tires.

MR. TAUZIN: But what I'm saying is: The memo you supplied -- your company supplied to us, seems to indicate that your own people shared the Firestone concerns that...

MR. NASSER: I agree with that.

MR. TAUZIN: ... the Department of Transportation might find out about this.

MR. NASSER: I agree with that and that's why we're proposing that, in the future, we take away those fears for everybody and that it becomes open and transparent.

MR. TAUZIN: Why didn't you not let the Department of Transportation know...

MR. NASSER: Because we...

MR. TAUZIN: ... in 1999 about what was happening in Saudi Arabia?

MR. NASSER: Because at the very same time everything that happened in Saudi Arabia, we went back to Firestone and we said, "Check the U.S. Are there any potential issues in the U.S.?" And the answer was always, "No, nothing."

MR. TAUZIN: Mr. Nasser...

MR. NASSER: By the way, those same tires -- those 16-inch tires are exceptional tires.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. TAUZIN: I understand, Mr. Nasser. But when we read a document that says that your people shared the concerns of Firestone that the Department of Transportation not find out about this, it raises the specter that both you and Firestone preferred that our agency for safety here in America not know what was going on in Saudi Arabia.

Now, I deeply appreciate your commitment to make sure that never happens again. But do you understand the implications of that kind of a concern?

MR. NASSER: I do, and it isn't shared in our hearts. It isn't what we're about in the company.

MR. TAUZIN: The chair's time has expired. The chair recognizes the gentleman from Massachusetts, Mr. Markey.

MR. NASSER: Mr. Chairman, I'd also like to add one further point because I think -- I don't want to leave the impression that what we did in Saudi Arabia was something that we handled in a secret manner. This was handled openly with the dealers. There was a service recall bulletin. So it wasn't something that we did at midnight. This was an open replacement program for our customers.

MR. TAUZIN: But before I go now, the whole concern -- the whole idea of not doing the formal recall was...

MR. NASSER: This is a formal recall.

MR. TAUZIN: But my understanding is that the -- if you go back to the first page -- that one of the reasons why, apparently, Firestone wanted you to do it and take responsibility for it was they did not want to be part of a plan to notify customers and offer them an option because of DOT finding out about it.

MR. NASSER: Mr. Chairman, I respectfully disagree with you.

MR. TAUZIN: All right.

MR. NASSER: That is Firestone's opinion. We disagreed with that. We went ahead and replaced the tires with Goodyear tires, and we did it with a service recall board.

MR. TAUZIN: Then, my only question is why then, if you disagreed with Firestone, weren't you willing then to notify the U.S. government agency that you were replacing these tires in Saudi Arabia?

MR. NASSER: Because at the very same time we asked Firestone whether they had an issue here in the U.S., and there's a letter in the file that you have that specifically said, "Absolutely not." And at that point, we went straight to Goodyear.

MR. TAUZIN: The chair recognizes Mr. Markey.

MR. MARKEY: Thank you, Mr. Chairman.

Would you support giving rollover test results to customers in the showroom when they're purchasing vehicles from the Ford Motor Company?

MR. NASSER: We do. Anything that can help communicate safety, that can get the message across on better products, we support.

And maybe at this point, Mr. Chairman, if I might, I'd like to show a chart on Explorer, because I think there's been a lot of discussion on the Explorer and many of you are Explorer owners and I know many people in America, families in America, own Explorers, and I want to share this data with you, because Explorer -- SUVs in general are safer than cars.

The Explorer is one of the safest SUVs. In addition to that, there was an issue of rollover. Explorer is better than the average SUV in terms of rollover by almost 30 percent. So, every way you look at it, whether you look at the

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

five-star ratings that are given by the government, we've got more five-star ratings in the Ford Motor Company -- that's the top safety rating -- we've got more five-star ratings in the Ford Motor Company than any other company in the U.S. So, anything that communicates safety...

MR. MARKEY: So you would accept the requirement that this -- all this information be made readily available to a consumer in the showroom?

MR. NASSER: Yes.

MR. MARKEY: OK.

Do you oppose the effort in the Senate to block NHTSA's ability to be able to conduct tests on rollovers, and to impose reporting requirements?

MR. MARKEY: Do you oppose that effort in the Senate?

MR. NASSER: We do not.

MR. MARKEY: You support this -- you support...

(CROSSTALK)

MR. NASSER: What we would like to do is to make sure that the stability index, if that's what you're talking about...

MR. MARKEY: You want -- no, do you want to block NHTSA's ability to be able to put the -- to have rollover tests and reporting requirements?

There's now an effort in the United States Senate to prohibit NHTSA from doing that.

Where do you stand on that issue? Are you with NHTSA on that issue, or are you opposed to NHTSA?

MR. NASSER: There are two, I think, issues that we are talking about. One, is a stability index. And we feel that anything that can further stability and safety, and can communicate what that is, we're for it. And NHTSA has a proposal, and we support that proposal. It may...

(CROSSTALK)

MR. MARKEY: Do you support giving the agency the ability to figure out what's best for safety in the SUV area for the American consumer?

MR. NASSER: Yes, we do, with cooperation from the manufacturers.

MR. MARKEY: Do you oppose or support the Senate effort to block NHTSA's ability to put these new regulations on the books?

MR. NASSER: I'm not aware of the Senate's effort. We support any safety action that is sensible and has real-world improvements for customers.

MR. MARKEY: That leaves you enough wiggle room right now to come back tomorrow and say that you don't believe that that proposal in the Senate, right now, is unreasonable. And that's what's really troubling to me.

If you don't know right now what this proposal is in the Senate, then you're really calling into question our ability to really give any credibility to the rest of your testimony.

MR. NASSER: I'm saying that we will support any real-world improvement in safety.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. MARKEY: OK, good.

MR. NASSER: And if the proposal supports that, then we'll be 100 percent behind it.

MR. MARKEY: It would be helpful to us if you would support -- that you would submit in writing your position on that issue.

MR. NASSER: We will do that.

MR. MARKEY: Thank you.

Now, what's, again, difficult for me to understand is the situation in Saudi Arabia not being seen by your company as being, kind of, equivalent to conditions in Nevada or other states that are in the deep southern part of our country, in terms of climate.

You indicate that you did request an additional study being done -- to be done by Firestone in that area. The conclusions which were reached, in your opinion, indicate that Firestone, basically, said there is no problem in the United States.

What would be helpful for us to understand, then is what it was that was unique in Saudi Arabia that they identified and explained to you, that was different from the conditions in Nevada, for example, in terms of the wear and tear on tires that were causing those accidents.

MR. NASSER: Now, I think in Saudi Arabia there are a couple of things. Probably, the major difference was the repairability of the Firestone tire in the Saudi conditions, and the fact that people deflated and inflated tires very frequently for off-road use.

When we went to the southwest of the U.S. to do a more in-depth study -- that we did jointly -- it was pretty clear that we couldn't see any defects at that point. Now, after hearing the testimony from Firestone this evening, it's very clear that we weren't looking at the claims data. And on the recalled tires we did not see that claims data until late in July.

MR. MARKEY: Now, there's been a claim that Ford engineers advised under-inflating Explorer tires to reduce rollover risks, even though under-inflating tires increases the risk of tread separation. Is that true?

MR. NASSER: It is not. The tire pressure rating on the Explorer was specified and well known right from the start; it was meant to get the best ride and handling and drivability. And there are many vehicles on the road today at 26 psi. And I think you heard from Firestone, very clearly, that it's a red herring. It is not an issue.

MR. NASSER: This is a tire issue, it's not a vehicle issue.

MR. MARKEY: So in your opinion, there are no documents -- are there documents at the Ford Motor Company that indicate this trade-off between tire inflation and rollover risk?

MR. NASSER: When vehicles are being developed, prior to the production of a vehicle, there are many trade-offs that happen. So I'm sure the highly trained Ford engineers, when they were developing the Explorer over 10 years ago, looked at various tire pressures, shock absorber damping ratings, different suspension systems, different handling, different steering. That's just part of the development program of a vehicle.

MR. MARKEY: Could you provide for the subcommittee documents in your possession at Ford Motor Company that relate to this question which engineers had to consider at your company between the risks, the trade-off between tire inflation versus the rollover risks? Can you provide those documents?

MR. NASSER: We would be pleased to do that. We'd also be pleased to bring the engineers that worked on the original Explorer back in to talk to the committee and explain exactly how vehicles are developed. Because it is an extremely complicated process.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. MARKEY: Thank you, Mr. Chairman.

MR. TAUZIN: Thank you, Mr. Markey.

The chair recognizes the chairman of the O&I Subcommittee, Mr. Upton.

MR. UPTON: Thank you, Mr. Chairman.

Mr. Nasser, a couple of times this evening you've indicated that you wish that perhaps we had had the hindsight to ask the right questions or at least get the right answers when the questions were asked. And going back to the questions that Mr. Tauzin asked with regards to the tests on the tires, if anyone, sort of, looks at the documentation that was given to us, maybe 26 psi, but certainly the heat. You look at the southern states. You look at the heat. You look at the speed of these tires as well.

You indicated that the tests that you asked for, in fact, were at 26 psi, 100 miles an hour for 200 miles. Did you ask for those tests in the heat in the California-, Texas-, Arizona-type setting as well?

MR. NASSER: Those tests are done at various road conditions and various temperature conditions. So...

MR. UPTON: So that will be part of the data that you will be able to share with us?

MR. NASSER: Yes.

MR. UPTON: The second thing is, when you look at tires, you don't look just at the brand new tire off the rack. I mean, do you look at tires that have experienced 10,000, 20,000, 30,000 maybe even 40,000 miles as well?

MR. NASSER: We look at wear characteristics, and we also specify wear characteristics for a vehicle. And we look at how the tire performs over the life of the tire.

And, of course, the life of a tire has changed dramatically, I think, as many people have mentioned here. It used to be 20,000, 30,000 miles maximum. Now, we're talking about 60,000, 70,000, 80,000 miles. So the whole environment of the lifetime of the tire has also changed dramatically.

MR. UPTON: Now in your written testimony -- and you recall me repeating this earlier this evening. But I -- in your written testimony, you indicated that, "It has been the standard practice in the automotive industry that tires are the only part of the vehicle not warranted." To go on, you indicate, "They are the only part for which manufacturers do not receive field performance data. At Ford this will change."

How quickly will it change? You heard Firestone, earlier this evening, indicate that they will comply with your request. Has it been difficult getting them to move?

MR. NASSER: In the past -- and it goes back to the Motor Vehicle Act of the late '60s. So, it's a 30-year-old act -- vehicles were under one act and one warranty, and tires were under another.

And I think many things have changed since then. We're seeing tires that last longer; vehicles that have versatile and flexible capability on road, off road. We've got a whole variety of different hybrid vehicles coming in. And, of course, we've now got a global economy. And I think it's time that the tire manufacturers, the safety agencies, and the automotive manufacturers came together and we shared that data, we shared quality, we shared customer input.

And we plan to initiate that in terms of real world data feedback as quickly as we can. We've already started with Firestone. And I've talked to the other tire companies also.

MR. UPTON: Are you satisfied that Firestone now has shared with you the adequate information that you're going to make public in the future?

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. NASSER: I'm not sure, to be quite honest.

MR. UPTON: Have you talked with other members of the alliance, GM, Chrysler, others about requesting the same information from their tire producers?

MR. NASSER: I have not done that, but clearly for it to be effective, we need it to be done on an industry basis and probably on a global basis. I know the tire companies in the North Atlantic global forum have started a dialogue on tire standards that would be at least for Europe and the U.S.

MR. UPTON: Has Ford engineers looked at defective tires?

MR. NASSER: We have. We brought back something like 300 tires and we're doing our own analysis. We've cut up the tires. We've tried to analyze them. Tried to understand them. We're not tire experts, so we have brought in outside experts to help us. And we're also working with Firestone.

So we're doing it independently. We're doing it with outside experts. And we're doing it together with Firestone.

MR. UPTON: I talked to one of my dealerships today. I talked to a number of dealerships. But one of them indicated that they had received yesterday, literally, a shipment of hundreds of tires to be used for customers that wanted to replace their Firestone tires, and these tires that came in were a competing brand. As I recall, I think they were General tires. Yet, they were not sure whether the warranty information or the arrangement that could be made, in fact, could use these specific tires, and they're waiting to hear from Ford -- even though they delivered them -- whether or not -- they wanted clarification whether or not they could use another brand, another manufacturer's tire. Do you know the answer to that question?

MR. NASSER: Other brands are suitable and we have agreed to, I think it's now 34 different types of tires that can substitute for the Firestone tire. And they do include General tires. They include Michelin tires. They include Goodyear tires. They include a whole broad array of tires.

MR. UPTON: Thank you.

MR. TAUZIN: The gentleman's time has expired. The chair recognizes the ranking minority member of the full committee, Mr. Dingell, from Michigan.

MR. DINGELL: Mr. Chairman, you're most kind. Thank you.

Mr. Nasser, I have here a Ford warranty book on the Explorer, and in it it says as follows: "Authorized Ford Motor Company dealers will repair, replace or adjust all parts on your vehicle, except tires, that are defective in a factory-supplied materials or workmanship for three years or 36,000 miles, whichever occurs first."

Then I read in the Firestone book, here, this language: It tells me that if I have a tire problem, I should, quote, "See my Firestone retailer listed in the yellow pages under the tire dealers, retail," close quote.

Now, I think this tells me two things: One, Ford provides the warranty on all parts of a new car or truck except tires; is that correct?

MR. NASSER: That is correct.

MR. DINGELL: OK. And the tire warranty on a new car is provided by whatever company made the tires; is that right?

MR. NASSER: That is also correct.

MR. DINGELL: Now is this a standard industry practice?

MR. NASSER: As far as we know, all major manufacturers around the world have a very similar process.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. DINGELL: Manufacturers of autos and manufacturers of tires have the same practice...

MR. NASSER: Yes, they do.

MR. DINGELL: ... this is a standard industry practice.

MR. NASSER: Yes.

MR. DINGELL: Now, so when consumers have a problem with a new tire on a new Ford vehicle, they go to the tire company, dealers like Firestone stores; is that right?

MR. NASSER: That is correct.

MR. DINGELL: And they don't take these problems to the Ford dealers.

MR. NASSER: That is also correct.

MR. DINGELL: Now, if Firestone is having a large number of their tires returned off Ford vehicles, Firestone will be hearing about them from their dealers; is that right?

MR. NASSER: That's what happens.

MR. DINGELL: But Ford will not hear about it unless Firestone tells Ford; is that correct?

MR. NASSER: That's normally right. We sometimes hear about it through a hotline, as the chairman indicated. But I would say the majority of feedback from customers would go through the tire dealer.

MR. DINGELL: Now, does Firestone give you periodic reports about how their tires are performing? Do they give you periodic adjustment rate reports and the like? Do other tire manufacturers give you such information?

MR. NASSER: Historically, Firestone from time to time, as they mentioned, share the warranty or what they call adjustment claims with us.

MR. DINGELL: From time to time.

MR. NASSER: From time to time.

MR. DINGELL: What does that mean?

MR. NASSER: Probably once a year or even less if we...

MR. DINGELL: Is it on any regular basis?

MR. NASSER: Not on a regular basis.

MR. DINGELL: Not on a regular basis.

MR. NASSER: And the claims data, which is the data that we finally pulled out of the system so that we could analyze it -- the data that we had been asking for for months -- that data has never been shared with any of the manufacturers.

MR. DINGELL: Never been shared with any of the auto manufacturers before?

MR. NASSER: As far as we know, no.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. DINGELL: Now to your knowledge, do tire manufacturers provide that source -- well, you've just answered that question.

So under the current procedure, Ford wouldn't know about high adjustment rates on tires unless you heard about it from some other source; is that correct?

MR. NASSER: That is true.

MR. DINGELL: And that's probably true throughout the industry?

MR. NASSER: We believe so.

MR. DINGELL: All right.

Now can you tell us why this system is set up this way? Why don't you get regular performance information from the manufacturers on how tires are doing these things on these vehicles?

MR. NASSER: Well, that really goes to the heart of the proposal of our early warning system, because I think that really must include regular information -- real-world information -- coming in from the field on how every tire is performing.

And it can't be just the warranty data. It can't be just the police data. It can't be just the personal injury or vehicle damage data, or the hotline to the safety agency. It really has to be all of those coming in together.

MR. DINGELL: OK.

MR. NASSER: So that we get a 360-degree view -- the way a customer would look at it -- for tire performance.

MR. DINGELL: OK.

Now when you began your designing of the Explorer, you gave to the tire manufacturers the specifications for that particular vehicle and the specifications for the tire; is that right?

MR. NASSER: That is correct.

MR. DINGELL: Now those specifications you gave on the tire were essentially performance specifications as opposed to design specifications; were they not?

MR. NASSER: That is also true.

MR. DINGELL: Have you ever given any -- have you ever given or has anybody in the industry ever given design specifications to a tire manufacturer?

MR. NASSER: I don't believe so. The tire manufacturers consider that proprietary information. They guard that jealously within each of the brands. And the industry practice is to set a standard in terms of speed, durability, ride and handling, and then on a periodic basis have quality input.

MR. DINGELL: But so Ford leaves to the manufacturer of the tire the design of the tire to meet particular sets of specifications; is that right?

MR. NASSER: Yes, it does.

MR. DINGELL: Now bottom line then, tire manufacturers have complete control and responsibility to the design, construction, composition, workmanship and materials used for the tires that are manufactured for Ford vehicles; is that right?

MR. TAUZIN: The gentleman's time has expired.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

Mr. Nasser, you can respond.

MR. NASSER: They're the experts on it, so that's right.

MR. DINGELL: I thank you, Mr. Chairman.

MR. TAUZIN: Thank you, Mr. Dingell.

The chairman now recognizes the gentleman from Iowa, Dr. Ganske.

DR. GANSKE: Thank you for the late hour, Mr. Nasser.

Earlier, when I had a chance to question the -- Mr. Ono from Bridgestone, we talked a little bit about the difference in tire failure rates at different plants. And it looks like the Decatur plant has a high level. But when I look over at that data, it also looks to me like the rates for a couple of the other plants are higher than it should be.

And there's a dispute -- I think it's fair to say -- that were the tires flawed or were they under-inflated? That's been one of the major disputes. And I don't know that we'll get to that, but my question is this: It seems to me that we've heard that when tires are run at low pressures, it causes excess heat which can damage the tires, and heavier models, such as the sport utility vehicle, generally needs more pressure than a lighter one.

But why don't you tell me why on a vehicle most like the Explorer, the Ford Ranger pickup, built on the same frame, using the same tires, Ford recommends a higher pressure?

MR. NASSER: We have different tire pressures for different tire sizes, for different vehicles...

DR. GANSKE: These are the same tires.

MR. NASSER: What I'm saying is, tire pressures and tires vary by vehicle, depending on the optimum level of ride and handling for those vehicles.

And I've got to say, Congressman, that I think it became pretty clear from the Firestone testimony today that 26 psi is OK. It is an appropriate tire pressure. You heard it from Firestone. We went through how many competitive vehicles have 26 psi: Toyotas, Nissans, other products. We have 3 million Goodyear tires on Explorers at 26 psi. No problems.

So I don't know why we keep going back to the tire pressure issue. We're confusing the public. We're not getting to the root cause. And the more we talk about the tire pressure issue, the less time we're going to have on concentrating on what the real issue is for our customers.

DR. GANSKE: Well, excuse me, but it seems to me, that there's been ample testimony today that the tire failures have occurred in places where it's hotter, that it's -- do you dispute the fact that a tire at a lower pressure heats up more than a tire at a higher pressure?

MR. NASSER: Of course. It's a variable. But the tire pressures we were talking about in terms of low pressure -- we're talking about 10, 12, 15 psi, not 26.

DR. GANSKE: Do you have a number of these tires that have been recalled?

MR. NASSER: We do. We've brought back, I think it's about 300 of them. We're looking at them. We've got independent bodies looking at them as well.

DR. GANSKE: What kind of independent bodies do you have?

MR. NASSER: These are tire experts. We will share that with the committee.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

DR. GANSKE: But you selected them. Did you have input from NHTSA on who these independent experts are when they look at the tires?

MR. NASSER: There aren't that many around the world. And I'm sure, between NHTSA and Ford and Firestone, we've probably got them all tied up at the moment.

DR. GANSKE: How are you determining which tires you look at?

MR. NASSER: Randomly. And we've concentrated on some of the higher-mileage tires as well and some of the high temperature.

DR. GANSKE: So have -- now, we had testimony earlier today from NHTSA that they want to do their own testing.

MR. NASSER: They should.

DR. GANSKE: And have they contacted you yet for random samples of those tires?

MR. NASSER: I'm not aware of that. Because the tires normally are going back to Firestone. So we have an arrangement. We are getting some of those tires back because we'd like to do our own testing as well.

DR. GANSKE: And so you've initiated those tests?

MR. NASSER: We have.

DR. GANSKE: And what have you found so far?

MR. NASSER: We haven't reached any conclusion as yet. We've just started.

DR. GANSKE: Congressman Tauzin mentioned some memos from the Middle East where people have problems coming in over a line that was set up for complaints. On May 12, 1999, Ford issued a notice to all Ford dealers in the Middle East that directed them to inspect the tires of all SUVs every time a vehicle is brought into the dealership for any type of service. That memo was written several months before Ford recalled the tires in August '99, and a copy is in tab 43.

Was this memo directing dealers in the Middle East to inspect the tires on every SUV that came into the dealership for service Ford's first official response to the tire problem?

MR. NASSER: Congressman, it was during the period where we were trying to understand exactly what the problem was.

DR. GANSKE: Why didn't you, at that time -- if you directed all of your dealers to be inspecting all of these tires, knowing that there seemed to be some problem, why didn't you send out a letter to all SUV owners with those kinds of tires at that time?

MR. NASSER: We were asking Firestone, because in the U.S., Firestone warrants the tires. In the Middle East market, where there really isn't a very good network of customer feedback, we were going to our dealers to get them to help us get Firestone data. That was the difference, that's the only difference between the two.

DR. GANSKE: Yes, but you're telling me...

MR. TAUZIN: The gentleman's time has expired.

DR. GANSKE: Would the chair -- 30 additional seconds?

MR. TAUZIN: Is there any objection? Without objection, proceed.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

DR. GANSKE: But you're telling your dealers to look at every one of those tires that come in in May and, yes, it may be difficult to track down everyone in the Middle East who's bought one, but you do have dealers, you know, they are servicing vehicles. You know, why not make an effort, at that time, for those people in that area, to notify them that there's a problem if you think you're instructing your dealers that there's a problem?

MR. NASSER: Because at that point -- and that was just a couple of months before we really gave up with Firestone and went to Goodyear -- we were trying to understand exactly what the problem was.

MR. TAUZIN: The gentleman's time has expired again.

DR. GANSKE: I thank you, Mr. Chairman.

MR. TAUZIN: The chair recognizes the gentleman from Michigan, Mr. Stupak.

MR. STUPAK: Thank you, Mr. Chairman.

Mr. Nasser, will you and Ford join with me in calling for and cooperating with an independent panel to review the AT the ATX and the Wilderness tires to determine a cause and propose solutions?

MR. NASSER: We would welcome that.

MR. STUPAK: OK. In documents -- and I'm looking at document number 32 in the book there. It says, "Explorer tire DNP," what does DNP mean?

MR. NASSER: Dealer notification -- or something, Tom? I don't know.

I'm not sure. We've got so many acronyms at Ford I don't think really understands any of them.

MR. STUPAK: OK.

(CROSSTALK)

MR. NASSER: Oh, ONP? Is it ONP?

MR. STUPAK: D, D as in dog, D-N-P.

MR. NASSER: We will send you a definition of that following the meeting.

MR. STUPAK: How about "dealer notification program"? Does that make sense?

MR. NASSER: Well, that's what I thought it was, but I'm not sure.

MR. STUPAK: That's what Mr. Sawyer said over here.

My question on this is this: In there it says -- and this is for events in Venezuela -- actions. It says: "To align with GCCDNP and to improve Explorer market image, FOV" -- Ford of Venezuela -- "introduced the same GCC Goodyear tire for all new Explorers beginning in July '99."

I take it, starting in July of '99, all Ford Explorers in Venezuela had Goodyear tires as opposed to Firestone tires.

MR. NASSER: That's when we started the replacement program in Venezuela.

MR. STUPAK: OK.

MR. NASSER: And what we try to do in Venezuela -- Venezuela is -- in this situation, is a mess because you've got, as you heard, mislabeled tires, 15-inch tires, 16-inch tires, local tires, imported tires, a database in terms of accidents and incidents that is very primitive.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. STUPAK: So any Explorer sold in Venezuela, starting in July of '99, came with Goodyear Wranglers on; correct?

MR. NASSER: That is true.

MR. STUPAK: OK.

But you didn't recall the tires on the vehicles already sold until May of 2000. Why did you wait almost eight, 10 months later to recall the other tires, and if it's such a mess, as you said, down there in Venezuela?

MR. NASSER: Because we understood there were some issues, but we didn't really know the magnitude of them. And we wanted to, at least, put a stop to building anymore future, potential problems. And so we moved quickly, as we had done in the Middle East, to do that.

MR. STUPAK: But, I guess I'm looking at your -- in your Explorer tire DNP there, it already indicated that, "Based on information, known cases, several newspaper clippings, at least 60 cases have been identified, the issue has a high familiar -- high fatality rate. Ford of Venezuela initiates joint investigation with local and U.S.-based Firestone technical personnel."

So I guess the part that bothers me is, July of '99, you stop the Firestone and go to Goodyear, but you wait almost May of 2000 to recall those that were already out there.

MR. NASSER: Yes. And we did that five months before Firestone and the government got involved. We did that on a voluntary basis.

MR. STUPAK: And in the beginning of that memo, understand here, it says background since July of 1997, you've been in meetings in Caracas with a group of independent lawyers representing four customers and they laid out a number of things.

But anyway, let me go to this point. Firestone continues to state there's no problem with the tire -- with the...

MR. NASSER: Where are you -- are you talking about the U.S., now?

MR. STUPAK: Yes.

MR. NASSER: No, I think Firestone clearly indicated that there is a problem with those tires that were included in the initial recall. And my impression is, that they are looking at the additional tires that the safety agency, here in the U.S., the additional 1.4 million tires as a potential add to the original program.

MR. STUPAK: Well, let me put it like this. Firestone states that under-inflation, high speeds, things like that, is a cause of the problem of their tire. I think that's what we all got out of here today.

MR. NASSER: I didn't get that out of here, I'm sorry. What I got out of it was that they really weren't sure what the defect is.

MR. STUPAK: OK.

MR. NASSER: But it was very clear, very clear that when you look at the population of tires that were built in the Decatur plant, and those tires that were included in the original recall of August the 8th, manufacturing defects and other issues are...

(CROSSTALK)

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. STUPAK: Even in Venezuela, if you go through your problem descriptions, all the same thing -- under-inflation, all the same reasons -- my point being this: Venezuela, Saudi Arabia, you replaced both 15- and 16-inch tires. Then why don't you do the same here in the United States? You did it in, I think Taiwan also and Malaysia, Venezuela and Saudi Arabia. So why would we do it differently here in the United States?

MR. NASSER: Congressman, because the data doesn't support it. Are you data driven or not? The data doesn't support it. And as soon as the data supports it, we volunteer it. We don't even wait. We didn't wait for Firestone. We didn't wait for NHTSA. We didn't wait for Congress. We didn't wait for anyone. We went ahead and did it.

MR. STUPAK: What data, then, supported replacing 16-inchers in Saudi Arabia, Venezuela, Malaysia and Taiwan? What data did you have then that would require you or ask -- have Ford recall the 16-inchers in these other countries and not here?

MR. NASSER: In both those countries, we were getting anecdotal data, because there isn't any formal data that there were issues on the Firestone tires.

If I go to Venezuela...

(CROSSTALK)

MR. STUPAK: What is the anecdotal data?

MR. NASSER: The day we announced the recall in Venezuela, the day we announced it, we went to NHTSA here in the U.S., and we informed them, they didn't ask us. We told them about the data.

MR. STUPAK: Well, what is the information, your data, that would make you recall 16-inchers in Venezuela, Saudi Arabia, Taiwan...

(CROSSTALK)

MR. NASSER: Customer data that they were unhappy with Firestone tires.

MR. STUPAK: So if the American public says, "We're unhappy with the 16-inch Firestone tire on our Explorers" -- and I think it's standard on Eddie Bauer and the other ones -- you will replace them?

MR. NASSER: Congressman, look at the data, because that data represents customer input. And that customer input is world class. If that data changes and customers turn around, our customers...

(CROSSTALK)

MR. STUPAK: But see, the reason why we're here is because of consumer input...

MR. NASSER: That right.

MR. STUPAK: ... to the U.S. Congress.

And that's why the first day back here, where -- been at this hearing now, pretty close to nine hours, I'm sure we're going to be here 12 hours.

So I think it's fair to say that consumers in the United States are not happy, and certainly have lost some faith here in both Firestone and Ford, in this whole tire thing. And when they see the 16-inch tires being recalled in other countries, they're saying, "Then why not mine if they're the same tire from the same specifications?"

MR. TAUZIN: Time has expired. The gentleman may respond.

MR. STUPAK: I thank you for your answers.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. TAUZIN: Mr. Nasser, you may respond, if you like.

MR. NASSER: Well, I'd say, we feel for our customers as much as you do. They are our customers. And we have despaired when we can't really get to the root cause of it. We went through and analyzed so we could understand exactly what's going on in the U.S.

We don't want to replace good tires with good tires. We want to replace bad tires with good tires. And that's what we've done, because we want to...

(CROSSTALK)

MR. STUPAK: But you replaced the 16...

MR. NASSER: If the data supports it, we will replace them.

MR. TAUZIN: The gentleman from Tennessee, Mr. Bryant, is recognized.

MR. STUPAK: Can I just follow up on that? Can you give us the data, then, that would require the 16-inchers...

(CROSSTALK)

MR. NASSER: The data is with you. The data is publicly available now.

MR. STUPAK: Can you identify it for us?

MR. NASSER: Well, I've got a chart on it. It's right there in front of you.

MR. STUPAK: More than a chart.

Does that include Venezuela, Saudi Arabia? The answer is no.

So what is the data for those four countries, Malaysia, Taiwan, Saudi Arabia?

MR. NASSER: We will give you all of that data.

MR. TAUZIN: The chair will make a formal request that you supply that information to the committee, and recognizes the gentleman from Tennessee, Mr. Bryant.

MR. BRYANT: Thank you, Mr. Chairman. And Mr. Chairman, thank you for your patience, being with us today, but we do have a lot of questions, and obviously these are very important matters that we are discussing.

I am a former owner of an Explorer, for a couple of years, back in the '97, '98 time frame, and very satisfied with the performance there. It was a leased vehicle, so I had to turn it back.

You testified earlier today at the Senate, is that correct? Have you testified there?

MR. NASSER: I did not, no.

MR. BRYANT: OK. Did a representative of Ford?

MR. NASSER: Yes. We had Helen Petrokis (ph) and Tom Wellman (ph). They were sitting behind me.

MR. BRYANT: OK.

The issue of low pressure does keep coming up, and that is a concern, because of these piles of papers that we've reviewed, and admittedly some of this comes from Venezuela and the Mideast. There are indications in there that the Ford dealerships were encouraging its Explorer owners to use the lower pressure, the 26 psi, in their tires.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

And it's been brought up today, too, in terms of the issue of stability, and that gnawing concern out there. Does it provide better stability? There's fishtailing mentioned in one of the white papers that people operated at lower pressure go to the fishtailing effect, sometimes. And we understand that operating in a lower pressure causes problems, perhaps, with the tread and the separation of tire. So there's attention there. And I think that's where some of us have been going here, just to make sure that we cover all the bases.

I think you've made a -- certainly, an effective presentation, but those are those kinds of gnawing issues that are still out there. Would you care to comment, you know, in terms of those last remarks, and maybe, again, try to ease some of our concerns about this low pressure issue and...

(CROSSTALK)

MR. NASSER: This is really a message to our customers all over the U.S.: The Explorer is an American classic. It's a family vehicle. It's a five-star rated vehicle. It's one of the safest vehicles on the road. That's not just recent history, that's over a 10-year period. It's a vehicle that people depend on, because it's versatile, because it's flexible, because it can do all the things that they want to do in their lifestyle. And we're proud of it. And there are almost 4 million Explorers on the road. And people love them.

Now, let me get to the tire issue that you talked about.

MR. NASSER: We have 3 million Goodyear tires on Explorers that have been on the road for years. We don't know of any problems. We have competitive vehicles with very similar tires and 26 psi. We don't know of any problems. We saw that the defect pattern on the 15-inch tires from Firestone was very correlated, directly linked to certain plants and certain time periods. So I step back from that.

And we are convinced that we've set the vehicle at the right level, handling, steering, stability. When you look at Explorer rollover, it is one of the best SUVs in terms of rollover protection. It's one of the best in terms of serious accidents. Now that didn't happen by chance. It happened because we have highly trained engineers and people within the company who care deeply about our customers.

So we are not having an esoteric argument here about pressure in tires. When people talk about low pressure in tires affecting stability, they're talking about people who bring the tire pressure down to 10, 12 psi, and then don't inflate it again at high speed.

And I think someone mentioned earlier that some communication on tire care is probably needed at this point. Because I believe most of us, most customers take their tires for granted. Because, generally, they're so robust, they're so good, they're so strong in today's modern vehicle.

MR. BRYANT: Given the excellent product you have in the Explorer and the excellent performance and favorable rating over the last -- over the years, can you not also give some credit to Firestone, who I assume has had a long standing relationship with your company up until recently in terms of good tires and...

MR. NASSER: Firestone and Ford have had a tremendous relationship. And it goes back from the start of both companies. And I'd have to say they built millions of good tires. And that relationship has been strong. We would also have to say that recent events have been disappointing to us. And I've said that we value our customers' security and safety and peace of mind above any other relationship that we have.

So going forward, our relationship with Firestone -- as it would be with any other supplier that let us down -- is on a day-to-day basis.

MR. BRYANT: Now, you had...

MR. TAUZIN: The gentleman's time has expired.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. BRYANT: Could I ask -- just a minute?

MR. TAUZIN: Finish up with this question.

MR. BRYANT: You had mentioned, I think in your opening statement, about the second new thing you want to bring out. Or maybe it was the first -- but somewhere along here, a tire pressure early warning system.

MR. NASSER: I did not mention that but I personally support that. I think that was something that was mentioned by the safety agency and Ms. Bailey. And we think that if we can do it in a practical way, where customers will really use it, and they can easily monitor what the tire pressures are, and they can adjust them easily, I think that would be a magnificent add in terms of peace of mind and safety.

MR. BRYANT: I misread it in terms of the location of that. It was in the white paper that we reviewed and also I think you did mention it in your testimony.

MR. NASSER: It's a good idea.

(CROSSTALK)

MR. BRYANT: But that does, I think, corroborate that there is a problem out there, when you do run these tires, any tire, at pressure lower than recommended. And this type of problem can develop regardless of if it's a Firestone or whatever tire it might be. And then, this early warning system would be a device that Ford would recommend that could prevent this situation of people running their tires at a lower than recommended air pressure?

MR. NASSER: We would.

MR. TAUZIN: The gentleman's time has expired.

MR. BRYANT: Thank you.

MR. TAUZIN: The chair recognizes the gentleman from Ohio, Mr. Sawyer.

By the way, the reason I love my Explorer is, it's paid for. That's the biggest reason.

(LAUGHTER)

Mr. Sawyer?

MR. NASSER: Mr. Chairman, I'll add that to my description, next time I talk about them.

MR. SAWYER: Ready for me, Mr. Chairman?

MR. TAUZIN: Mr. Sawyer, you're on.

MR. SAWYER: Thank you.

We have covered so much ground today. I really am grateful for your presence, Mr. Nasser. The issues that we're talking about, really do go back to the very beginning of the tire and automotive industries.

The relationship, in terms of warranties, I suspect, are deeply embedded in the culture of both industries, and probably go back to a time when the tires were not as reliable as they are today.

MR. NASSER: Exactly.

MR. SAWYER: And it was an absolutely necessary financial relationship, one that was built on trust and confidence, and has grown over the years. But that relationship has been built into law, now. And it was -- you

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

mentioned earlier that tires are no longer, really, separate in the design dimensions of a car; that they are integrated into the suspension systems, the damping rates, the spring rates, and have really become...

MR. NASSER: Steering.

MR. SAWYER: Steering, exactly.

A part -- a functional part of the suspension, as well as the drive train and other components.

Should we be thinking about more modern ways to integrate the design and the performance of tires into the performance of the vehicle itself? Should we revisit the National Traffic and Motor Vehicle Safety Act of 1966, which has built this separation into law? And should we look at new ways to integrate that performance?

MR. NASSER: I can't think of many things that haven't changed since 1966. So -- and in particular in this area, where vehicle dynamics -- steering, suspensions, just the overall personality and feel of the vehicle -- is now being - it's in the bloodstream of every part of the car or a truck. And tires are becoming more and more a fundamental part of that personality.

MR. SAWYER: It's only through those four contact patches, that, in fact, all of the design performance that you've built into your cars, really gets carried out.

MR. NASSER: That's true. So we would support a review, and we think it should be a cross-industry review that includes, not only the safety agencies and government, but also the tire companies and the automotive manufacturers.

MR. SAWYER: You mentioned the trans-Atlantic business dialogue and the kind of work that's gone on towards harmonization over the last decade. Would you support -- I asked the Firestone people earlier -- would you support transparent reporting procedures to share information about vehicle and tire performance on a transnational basis?

MR. NASSER: Ford Motor Company certainly would support that.

MR. SAWYER: Let me finally close with a question that Mr. Bryant suggested. A number of tire companies have worked to build -- particularly with regard to run-flat technology, to build sensing systems in so that you would know when you are losing pressure.

I spoke last week with an after-market provider of those kinds of systems. He says that he can provide, in a way that's not very efficient, after-market sensing systems that will provide information, not only on tire pressure, but temperatures on a continuous basis. Is that the sort of thing that Ford would consider offering as an option on their vehicles?

MR. NASSER: I think on certain product lines it would be a very popular option. But it needs to be friendly to the customer. It can't be a scientific device that is so difficult that you need a German professor of engineering to figure it out.

MR. SAWYER: Needs to be easy to use, and, perhaps, indicate by idiot lights on the dashboard when you've got a problem.

But, in fact, the information would be useful.

MR. NASSER: Very useful.

MR. SAWYER: In any event, let me just close by saying that I am particularly interested in revisiting the question of whether or not the separation of performance and design, as it existed 44 years ago, really makes -- 34 years ago, really makes the kind of sense today that modern tire and automotive technology makes possible.

Thank you for your presence here today.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. TAUZIN: Thank the gentleman.

The chair recognizes the gentleman from North Carolina, Mr. Burr.

MR. BURR: Mr. Nasser, throughout this whole process, has there ever been a point where Firestone has objected to doing anything Ford has asked of them?

MR. NASSER: I would say objected is probably a strong word, Congressman. But when we asked for the claims data, it isn't, I don't think, usual business practice for someone like the Ford Motor Company to ask a supplier four times for data before we get an answer.

MR. BURR: Was there ever a point, either in Saudi or in Venezuela, where Ford made a request of Firestone to do a recall and they objected?

MR. NASSER: In both cases, we decided to go alone, because we couldn't get cooperation.

MR. BURR: Was there a request of Firestone for them to either recall the tires or to participate in a recall that they objected to?

MR. NASSER: In both cases, we asked for assistance from Firestone and I think you heard the Firestone testimony where they said they declined to participate. And when they declined to participate, we didn't want to leave our customers on their own, so we went ahead.

MR. BURR: Is Ford concerned with any other tire, specifically, in Saudi on other Ford vehicles, that there may be reports on now that are beginning to show the same tread separations? Specifically, Navigator and Expedition?

MR. NASSER: I'm not aware of any but if we find any, we'll handle it in exactly the same way. We'll go in and replace the tires.

MR. BURR: Let me suggest to you that tab 52, 53, and 55, in fact, are documents dated September of 1999, that reflect the concerns that Ford's having with tread separation problems with tires on Ford Expedition and Lincoln Navigator. They were directed to the Ford customer service and I won't give their quote, but specifically, they say, "We see a pattern again." And to your knowledge there is nothing ongoing at Ford that's looking potentially at other tires on other Ford vehicles currently?

MR. NASSER: I'm not aware of any.

MR. BURR: There has been no notification by Ford to NHTSA of the possibility of additional vehicles and/or tires?

MR. NASSER: Not that I'm aware of. And I don't think that there are any other notifications going on.

MR. BURR: Let me do read one quote out of the document, and I quote: "We've already received complaints from customers regarding the tire burst on the '99 model year Expedition. As you will agree, we cannot afford to take any chances considering the fatalities involved in the Explorer accidents and the negative word of mouth generated for this model."

I would encourage you to check with your folks to look specifically at those memos and see if there is some action that you, as the head, need to look at.

Let me ask specifically what's changed for Ford since the Texas television expose where Ford's comment was that they blamed driver error.

MR. NASSER: You know you go back to that -- I think it was Channel 11. They deserve a medal, actually. Because they did focus attention on this. And all of the times that we went back and asked, "Are there problems?" it was always, "No problems, no problems."

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

And Channel 11 started everyone to think, "Well, wait a minute, maybe there really is something there. Let's dig deeper. Let's ask different questions. Let's look at this from a different perspective."

So that was the start of a very different investigation that had an impact on us. So, I'm sure it had an impact on other people.

MR. BURR: Let me ask you the last question and I hope you would expect to be asked this today. In your TV ad, you are very specific from a standpoint of your family having three Ford Explorers. Do they currently have any recalled tires on them?

MR. NASSER: No, they've got the 16-inch tires on them. And they've been, as the chairman indicated, faithful, wonderful vehicles for us.

MR. BURR: If they had recalled tires, would you be anxious to change those?

MR. NASSER: Yes, I would. That's why we're working as hard as we can and talking to other companies beyond Firestone to get as many tires as quickly as possible.

MR. BURR: Thank you for your honesty and also for your patience today.

I yield back.

MR. TAUZIN: I thank the gentleman.

The chair recognizes the gentleman from Illinois, Mr. Rush.

MR. RUSH: Thank you, Mr. Chairman.

Thank you, Mr. Nasser for your patience and for your veracity in terms of answering some of the questions that my colleagues have raised.

Let me ask you about the warranty initiatives that you indicated in your earlier testimony that you feel will be a part of a new arrangement, a new agreement where consumers will be -- have warranty on their tires as a part of their standard warranty package when they purchase new vehicles. Can you tell me, is this a negotiating point now that you have with Firestone and other tire manufacturers in the nation?

MR. NASSER: Congressman, most tire manufacturers have a warranty. But it is a complicated warranty and I heard you ask Firestone for their warranty, and I heard them bumble through the answer. So I'm not going to be able to give you a better answer than that many of the tire companies have a warranty that is really based on the number of miles that the tire has traveled. So it's a graduated warranty period, some of them going up to 80,000 miles. But your reimbursement differs by how many miles that you have traveled.

And I think what we need there is a little more clarity to the consumer about exactly what the warranty conditions are. So I support you fully. Consumers need to know exactly where they stand with warranty on an important component such as a tire.

MR. RUSH: So, in other words, the future customer -- Ford's future customer will have two sets of warranties -- will continue to have two sets of warranties; is that right? One for the tire and one for the other parts, Ford parts; is that right?

MR. NASSER: That will continue to be the case unless we find that it is better for our customers to do something differently. And that's going to be part of the review that I think needs to happen going forward.

MR. RUSH: Well, let me ask you this, you basically in your testimony have -- if I interpret you correctly -- you basically feel as though Ford has been somewhat of a victim here also, in terms of these tires that have been

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

recalled and the fact that Ford customers have experienced accidents, injury and even possibly deaths as a result of these faulty tires; is that correct?

MR. NASSER: Our customers have been the victims. And that's why we're mad. That's why we're upset. Because our customers have borne the brunt of this and we don't like that. Because we love our customers and they love their Ford products. So when we're let down and we then let our customers down, we just don't like that.

MR. RUSH: Mr. Nasser, I am -- discussions that I've had with some of the committee staff a few moments ago, they -- I asked them about the last massive recall in the nation. And the informed me that they, in fact, had read this committee's transcripts of the recall that was conducted some 22 years ago.

My question is, what's different now, 22 years later? What didn't we learn 22 years ago that we should have learned that would have helped prevented us from being at this point today? How was Ford affected by the recall some 22 years ago? And where have we let the nation down? Where has the Congress let the nation down, where has the Ford and other automobile manufactures let the nation down, and certainly, where has Firestone let the nation down, again, 22 years later? And what's to give the consumers the confidence that, down the line, we won't have this same tragic occurrence, and be right back here in this committee room again somewhere in the future? Can you answer?

MR. NASSER: Well, I think it's a very pertinent question. And it's one that we have obviously been asking ourselves time and time again. And the answer probably lies in how we look forward now, and the changes that we have to make.

You know, history's important. You get good lessons from history, but we really now have to start to look forward and say, "What do we need to do better? What do we need to do differently? How do we stop this from happening again?"

And I think the suggestions that I mentioned earlier, two steps that will help, that will help consumers, that will help make the communication of customer feedback on tires and vehicle quality more open, so we can not have this dialogue 22 years from now. So there are our two suggestions.

MR. RUSH: Thank you, Mr. Chairman. I yield back.

MR. TAUZIN: I thank the gentleman.

The chair recognizes the gentleman from Illinois, Mr. Shimkus, for a round of questions.

MR. SHIMKUS: Thank you, Mr. Chairman.

And it's been a long day and we appreciate your attendance and your straight answers.

I think one of the things that many members are dealing with is -- and you commended the Channel 11 story, and I think we did too, by having that first airing. And as I've been trying to talk to the reporters from here and from at home, and explaining the hearing, I've been using the terminology, you know, what Channel 11 did, was they connected the dots before Ford did, before Firestone did, before NHTSA did, before we all did.

And what we're trying -- one of the things we have to -- trying to identify the problem and come up with solutions, so, as my colleague from Illinois, how do we feed off this treadmill so we don't -- we're not here again, is we need to address legislatively how are we one of the first ones, or how is industry, partnership or a third- party group, how can we connect the dots. And I think you addressed that in your opening statement.

But I also wanted to also applaud Channel 11 for the work that they did, and as an investigative reporting, and stuff that we don't see, I don't think too often today.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

And one of the things that has been addressed, was addressed in this Time magazine article, is a debate. And I should have asked -- Firestone still in the audience, I didn't ask them when the time was right -- but a debate on the nylon cap issue. And whether the time that we have eased the speed limitations and the engineering and the tires, along with all this, of -- and a need to rethink about going back to the nylon cap, which some of the Bridgestone tires of this size, made in Japan, still have.

My question for you, Mr. Nasser, is, in giving the specifications to the manufacturer to produce a tire for the Explorer, did you consider returning to the nylon cap as part of the specifications?

MR. NASSER: We don't specify a cap -- an additional nylon cap or not; we specify standards that the tire has to meet. And, to my knowledge, the tire industry, in the U.S., does not have the nylon cap.

Interestingly enough, and I'll preface this by saying, I'm not a tire expert, but I believe that for many of the tire manufacturers, the tires that they use in very arduous conditions in some of the developing countries of the world, they add the nylon cap as an added protection for puncturing, not necessarily for speed or for durability, but just to make the tire more robust in terms of puncture capability.

I think that's a question that you should address to the tire industry.

MR. SHIMKUS: And I'll, at the chairman's discretion, how best to do that, I'll leave that up to the chairman; I know we'd talked about it.

But the issue...

MR. TAUZIN: The record remains open. The gentleman can submit written questions that we will submit to Firestone. I'd be happy to do that for the gentleman.

MR. SHIMKUS: Thank you, Mr. Chairman.

And just to close out this point, when we talked about the Firestone 500s and the tires and the separations there, it's my understanding that the nylon cap was a solution to that problem. And when we had the lower speeds, it was determined that that was no longer the need. And now we're at some higher speeds with new vehicles, I think it's a point well taken.

I'd like to also offer you, as I did Mr. Ono, a chance to address some of the -- your employees, some of them that may be in my district. You have a St. Louis assembly plant; I'm right across the river. I'm sure there's a few employees that live in my district.

Based upon your experience here today, the testimony, if you could send a message to them, what would you tell them?

MR. NASSER: I think Ford employees, all around the world, and I'm sure in your district, Congressman, are devoted to customers. I mean, that's what runs through our bloodstream. It's in our DNA. It's what we think about all the time. And I'm sure they're disappointed when they hear about some of the allegations that are around Explorer.

Because, Explorer, as I said before, has been just a wonderful vehicle. And we have two assembly plants in the U.S. that are devoted to Explorer. The work force in both plants are world class, the quality is top notch, and customer satisfaction is at very, very high levels.

And I'm proud of them. I'm proud of the way they've reacted over the last several months. They've worked hard. They've been involved in retrieving tires. They've been involved in better understanding customer data. And I'll pass that message on to them from you.

MR. SHIMKUS: I yield back, Mr. Chairman.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. TAUZIN: I thank the gentleman.

The chair recognizes the gentleman from Minnesota, Mr. Luther.

MR. LUTHER: I thank you, Mr. Chairman.

And thank you, Mr. Nasser for your testimony.

There was some dialogue earlier about how a company like yours does get information on problems like this. And I assume one of the ways that you do get information is through the claims that are brought.

MR. LUTHER: Because can I assume that, in a lot of the claims -- I haven't seen a chart for you, but in a lot of the claims here you would be involved. In other words, the claim would be brought against Firestone and against you. That would be the case, wouldn't it?

MR. NASSER: The claims that you see on that chart, as I understand it, are vehicle damage, property damage, personal injury...

MR. LUTHER: Right.

MR. NASSER: ... damage claims.

MR. LUTHER: So...

MR. NASSER: We do not -- we may see, going back to your description, Congressman, a dot here and there, we do not see those trends. And we don't see them -- it wasn't until we asked for that data and we analyzed it by month, by plant of production, by type of tire, by type of vehicle, that we cracked the code.

So getting a legal case here and there distresses us, we don't like that, because it means a customer is unhappy, but it really doesn't give us data that we can work with. We're a data-driven company, and you can't react to here's a little issue here, here's another problem here. We want to get the data in a form that can be analyzed.

MR. LUTHER: OK. You, I know, were here when you heard testimony about how the claims information was handled by Firestone -- believe you were here in the room.

MR. NASSER: Yes.

MR. LUTHER: Do you -- how do you handle claims information? Does it -- is it similar to the way Firestone does? Basically, as I heard them testify, they look at it from an accounting standpoint. It did not factor into safety and recalls and these kinds of decisions.

When you get claims information, how do you treat it, how do you deal with it within the company?

MR. NASSER: The claims information we get are very minor, so we don't pay any regard to the cost of that. What we want is all of the information coming in on total claims, because that gives us a trend.

We're interested in customer satisfaction and making sure that every one of our customers is delighted with their product. We don't drive the company by trying to analyze and manage claims data. We don't even get the claims data; Firestone gets the claims data.

MR. LUTHER: Yes. Well, I assume that you'd be involved in a number of the claims against Firestone. I mean, it'd be very typical for a claim to be brought against both the manufacturer of the vehicle...

MR. NASSER: That's true.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. LUTHER: ... and the manufacturer of the tire.

And so at this time that you were making the diligent effort that you've referred to to try to get to the bottom of this, did you, in fact, check with the people who were handling the claims who would have been privy to a considerable amount of claim information at that time? Because already by '96 and '97 we're getting into the hundreds of claims. Many of those would have, of course, involved you to some extent as well. Did you make any inquiry or check into the people handling this for you?

MR. NASSER: We looked at many of those claims, but we couldn't see any trend. And we went from there to the NHTSA safety agency data. And as you heard from Ms. Bailey, there wasn't anything there. We went back and asked Firestone one more time, "Give us some feedback." We couldn't find anything there.

MR. LUTHER: OK.

MR. NASSER: But our claims data is open, we don't close it, so anyone can look at it. We'll make it available to the committee; you can look at it. I don't think you'll find anything there that would clearly indicate the problem prior to when we put it together.

MR. TAUZIN: Mr. Luther, would the gentleman yield a second?

MR. LUTHER: Certainly.

MR. TAUZIN: I want to inform the gentleman that one of the requests we'll make upon Ford, and a very detailed request, is exactly for that.

MR. NASSER: Yes.

MR. TAUZIN: See, if you did do any analysis of these lawsuits, whether they were related to something wrong with the vehicle or something wrong with the tires, it's rather hard for me to believe that somebody in your company wasn't doing that.

MR. NASSER: We would be doing this.

MR. TAUZIN: So we will request that you diligently search for any analysis or charts or research done on that single question, because that will -- that obviously is central to the question of whether or not you had notice of these tire defects.

MR. NASSER: We will be pleased to do...

(CROSSTALK)

MR. LUTHER: Thank you, Mr. Chairman.

Can we assume then, along with that, similar to Firestone, that you would waive any confidentiality?

MR. NASSER: Yes, we would.

MR. LUTHER: Thank you. Appreciate that.

Well, I think, Mr. Chairman, considering the time, and I appreciate your responses, and we'll follow up on that information. Thank you. I'll yield back.

MR. TAUZIN: Thank you, Mr. Luther.

The chair recognizes the gentlelady from New Mexico, Ms. Wilson.

MS. WILSON: Thank you, Mr. Chairman.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

Mr. Nasser, I appreciate your patience today as well and I'll try to be brief.

You said in your opening statement that your engineers analyzed information after you pried it from Firestone, after you asked for it in June and July, and you then insisted on the recall. Did your engineers actually analyze information or are you just talking about the claims rates that you analyzed?

MR. NASSER: The claims. And we asked -- as I said, we asked for the claims in June, and we asked...

MS. WILSON: So it was looking at -- there's no further engineering analysis that you've done.

MR. NASSER: No, no. The engineering analysis, Mrs. Wilson, we're doing right now.

MS. WILSON: I'd like to follow up on some of the questions Mr. Luther was asking with respect to cases in which you are a co-defendant. I assume you have to do the same annual SEC filings as every other public company. How many pending lawsuits are there for your model years '94, '95, '96 and later involving rollovers and blown tires?

MR. NASSER: I think there are about 50 for the last 10 years.

MS. WILSON: Fifty pending lawsuits in the last 10 years?

MR. NASSER: Fifty lawsuits over the last 10 years.

MS. WILSON: And have you settled any of those lawsuits in which you are a co-defendant with Firestone?

MR. NASSER: I'll have to ask that.

MS. WILSON: Yes, you have?

MR. NASSER: Yes.

MS. WILSON: What percentage -- without getting into the details of any particular claim for which there is a confidentiality provision, what percentage liability has Ford assumed in those settlements?

MR. NASSER: I don't know. We can certainly provide that and we can give it to you, if that's acceptable, by case. You can look at it case by case.

MS. WILSON: Does your attorney know what percentage liability you've assumed?

(UNKNOWN): (OFF-MIKE)

MS. WILSON: I'm sorry?

MR. NASSER: It varies by case, he's saying.

MS. WILSON: I would like to have that data, Mr. Chairman.

MR. TAUZIN: The chair will request that you submit the data to the committee...

(CROSSTALK)

MS. WILSON: Mr. Nasser, in the cases in Venezuela and Saudi Arabia, why wouldn't Firestone participate?

MR. NASSER: We don't know. We just don't know. And we were frustrated. So in the end, when they declined, we just went ahead...

MS. WILSON: So they just said, "No." And when you asked, "Why not?" I mean, as I assume you would...

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. NASSER: They said they just didn't want to participate. They didn't think they had a problem.

MS. WILSON: Why do you think they wouldn't participate?

MR. NASSER: I don't know.

MS. WILSON: I've been, kind of, watching body language and listening to comments and so on throughout the day, and things like evaluating your relationship with your supplier on a day-to-day and letting us down and bumbled through their answer and pried data from them, when you restart the lines on the Explorer lines that you've suspended in order to use those tires for replacements, why on Earth would you bolt on Firestone tires at the end of the line?

MR. NASSER: Because when you look at the data on many of their tires and many of their plants, they've got world-class tires. And if we suspected any differently we would stop.

MS. WILSON: But you are a customer-driven company, where quality is job one.

MR. NASSER: Yes.

MS. WILSON: What do your customers want?

MR. NASSER: Well, I think, looking forward, as we go forward and as we get past this replacing these bad tires with good tires, I think your question is a good one: Should we offer our customers a choice of tire? Should they be able to choose the type of tire that they want? And I think the answer to that is yes.

Industry practice has always been limit the tire selection on a vehicle, and I look at that experience and I say, "Maybe that isn't what a customer-focused company should be."

MS. WILSON: I've also been listening to some of the words that you've used, and it is clear to me that some of the lessons for quality that America has learned over the last decade have been learned at Ford. And the first criteria for the Malcolm Baldrige is leadership, and I wanted to thank you for yours.

MR. NASSER: Thank you very much.

MS. WILSON: I yield my time.

MR. TAUZIN: Thank the gentlelady.

The gentleman from Mr. Missouri, Mr. Blunt, is recognized.

MR. BLUNT: Thank you, Mr. Chairman.

And I have a couple of questions. I know you've been here a long time, Mr. Nasser, and you may have answered these before, and I'll try to be brief and I'll listen carefully and that way I won't have to go back and review the entire record.

On the question of notification, was the company ever -- was the company ever under the impression that you'd have to give notification to U.S. regulators when you made overseas -- when you recalled tires overseas?

MR. NASSER: No. It's clear that it isn't necessary. But in the case of Venezuela, when we decided to replace the Firestone tires in Venezuela, we informed NHTSA that very same day. We told them about it.

In the case of Saudi Arabia, last year, as you saw from that letter, we didn't, because we were frustrated with the discussions with Firestone and we had determined at that point that the best data we had that we did not have a problem in the U.S. market.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

Going forward, I think it is in the customer's best interest that if there are safety recalls anywhere in the world, that customers get a view of that, because it will help customers decide; it gives customers a better basis for making a choice.

So I'd say going forward, we're going to do it voluntarily, whether it's enacted as legislation or not.

MR. BLUNT: Essentially...

MR. TAUZIN: Would the gentleman -- would the gentleman yield just for a second? Just to make the record clear.

MR. BLUNT: I'm delighted to.

MR. TAUZIN: It is correct, Mr. Nasser, that the Venezuela -- the Venezuela recall occurred after NHTSA opened its investigation here into the United States?

MR. NASSER: Yes, it was about a week afterward.

MR. TAUZIN: But when you notified NHTSA of the Venezuelan incident, NHTSA was already involved in a U.S. investigation?

MR. NASSER: Yes, it was.

MR. TAUZIN: Thank you, sir.

Mr. Blunt?

MR. BLUNT: On the -- just to follow up on that point, since your company intends to do it voluntarily, I assume you'd have no problems then if there was a federal requirement that it had to be done. But in terms of good business practice and following up on your product, you think that it should be done and you intend to do it in the future in any case?

MR. NASSER: We would support a regulation in that direction, yes.

MR. BLUNT: Well, was it -- not to carry this point too far -- but was there a memo in, I believe it was March of '99, where the memo indicated -- I read this in The Wall Street Journal, so it's -- I'm sure it's not news to you -- where the memo indicated that you thought -- that Ford thought, from advice they'd gotten from Firestone, that they'd have to report on a recall in a -- outside the United States?

MR. NASSER: I'm not sure what you're referring to there.

MR. BLUNT: There was a Wall Street Journal article, I believe yesterday, that talks about a March 12, 1999, memo -- internal memo -- sounds like you're getting some...

MR. NASSER: It's the memo we talked about earlier in the...

MR. BLUNT: Well, I was gone earlier. So if you could just give me a little -- a little, brief review of that.

MR. NASSER: Firestone believed that if they concluded that there was an issue, then they would have to inform the U.S. regulators. That's what that memo is about. And I think it's in the evidence.

MR. BLUNT: And, technically, is that not accurate; if they concluded there was an issue overseas, that they wouldn't have to technically inform now, under the law the way it is now?

MR. NASSER: There isn't a law that mandates that declaration.

MR. BLUNT: But you intend to do that voluntarily and would have no problem if that was a requirement?

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. NASSER: Yes -- yes, we do.

MR. BLUNT: Thank you, Mr. Chairman. Mr. Chairman, thank you for the time.

MR. TAUZIN: Thank you, Mr. Blunt.

Before we conclude, Mr. Nasser, Mr. Rogan, I think, is on his way and had a few questions. Let me request, if there are any other members who would like to ask for time for any additional questions?

We're going to do like Todd Morton (ph). We're just going to keep on going until we finish this match.

And we have another panel. Remember, Mr. Boyden has been waiting very patiently to come and testify along with Mr. Ditlow. And if Mr. Shimkus is not arriving very, very soon -- Mr. Rush has a question and the chair recognizes Mr. Rush for that question.

MR. RUSH: Mr. Nasser, we've heard a lot about the Ford Explorer and some of the other vehicles. I wondered, is the Lincoln -- or the Mercury Mountaineer -- do they have the same Firestone tires that are at issue today?

MR. NASSER: Yes. Yes, they do.

MR. RUSH: My wife wanted me to ask you that question. She has one.

MR. NASSER: Well, she should check to make sure it is one of the tires that is included in the recall, because the Mercury Mountaineer, of course, would have various types of tires. But she might have it. She should check and if she does, give me a call.

MR. RUSH: Thank you. Thank you.

MR. TAUZIN: Thank you, Mr. Rush.

Mr. Nasser, let me -- let me explore one item with you that we thought would get explored and has not been done so -- done yet. That is, in the Venezuela document 32, Explorer tire DNP, current status on the reference project background, July, '97, Ford representatives were called to a meeting in Caracas with a group of independent lawyers representing four customers. Do you have it?

MR. NASSER: Yes, I do.

MR. TAUZIN: Down in the middle of the page, "The result of these investigations were inconclusive although several findings were made." And if you go down to the last one there: "High incident vehicle rollover after a tire blowout or tread loss has not been detected for other vehicle brands. Toyota, GM and Chrysler all have significant presence in this market segment."

This is a finding in the Venezuela investigation that other brands of vehicles -- Toyota, GM, Chrysler -- present in the marketplace did not have the same high incidence of vehicle rollover after a blowout or tread separation as did the Ford Explorer. Can you explain that finding in the light of your statistics indicating a much safer statistical profile for the Ford Explorer here in America?

MR. NASSER: I can't explain it, because as you know, in Venezuela, the data on accidents and safety isn't very good. In the U.S., that data is probably the best in the world. We have 10 years of history on the Explorer here in the U.S. market. It's one of the safest SUVs, whether you look at in terms of serious crashes or whether you look at it in terms of rollover. It's one of the best products in the SUV market in relation to rollover accidents.

So, as many things in Venezuela, it's probably going to take a little bit of time to really get into it and understand what the data will tell us.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. TAUZIN: Well, it also -- and I have trouble with these acronyms again -- but it also says, "Beginning first quarter '99, FOV..."

MR. NASSER: That's Ford of Venezuela.

MR. TAUZIN: Ford of Venezuela.

MR. NASSER: Yes.

MR. TAUZIN: "... notified the situation to Explorer PVT..."

MR. NASSER: Plant vehicle team.

MR. TAUZIN: Thank you. "... and the TVC..."

MR. NASSER: I'm glad I'm here as an interpreter for you.

MR. TAUZIN: Thank you.

MR. NASSER: The truck vehicle center.

MR. TAUZIN: "The truck vehicle center notified it was..."

MR. NASSER: You'll catch me -- you'll catch me soon, I'm sure.

MR. TAUZIN: "The truck vehicle center, notified of a similar issue occurring in GCC..."

MR. NASSER: Yes, that's the Gulf -- they're the Gulf countries.

MR. TAUZIN: Gulf countries.

MR. NASSER: Yes.

MR. TAUZIN: "... where WDMO..."

MR. NASSER: World direct markets organization.

MR. TAUZIN: No wonder you're chairman. "... was about to initiate a DNP..."

MR. NASSER: Dealer notification program.

MR. TAUZIN: "... consisting of a tire change to Goodyear brand."

MR. NASSER: Right.

MR. TAUZIN: So we don't have a date on when this happened, although this finding and this indicates beginning first quarter of '99 -- this must have happened in '98, right?

MR. NASSER: No. The Goodyear happened around the middle of last year. And the recall happened, as you know, around the middle of this year.

MR. TAUZIN: Well, let me try this again. The language says beginning first quarter of '99. That seems to indicate this was written in '98.

MR. NASSER: No. It says "beginning first quarter of '99, FOV notified the situation..."

MR. TAUZIN: Oh, I see. So that this is probably something that happened in '99?

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. NASSER: Right.

MR. TAUZIN: All right.

MR. NASSER: By the way, it isn't over.

MR. TAUZIN: And you have no explanation for why this finding occurred in Venezuela when your own statistics indicate differently here in America?

MR. NASSER: It's definitely different in the U.S. And that -- they're public data. And we're at the moment, as you know, trying to understand the situation in Venezuela.

MR. TAUZIN: Mr. Nasser, I believe that concludes -- Mr. Shimkus as I understand is not going to make it. Let me -- I mean, Mr. Rogan is not going to make it.

Let me apologize for holding you for that purpose and thank you for your appearance today, along with Mr. Ono and Ms. Bailey with NHTSA.

We're going to have one -- another panel.

We obviously are going to keep this record open. We will have written questions that members and staff will submit to Ford Motor. We would appreciate your response to those questions as well as to the submissions that have -- of documents that have been requested at this hearing today.

And let me, on behalf of the committee, thank you for the commitments that Ford Motor has indicated at hearing today. The commitment to make sure that NHTSA is aware of any safety actions taken in other countries is, frankly, deeply appreciated.

MR. TAUZIN: It's a huge step in the right direction. And we're anxious to work with you and the tire companies in your efforts to devise an early warning system for tire defects. And that is extremely important. As Mr. Burr has pointed out, there're indications of other trends that, I hope, everybody is alerted to and that we can all focus on, so that we don't end up, as Mr. Rush pointed out, in another mess like this one day.

And I thank you very much for your testimony, and you are dismissed.

MR. NASSER: Thank you.

MR. TAUZIN: The chair will now welcome, and with deep appreciation, Mr. Samuel Boyden, the associate research administrator of State Farm Insurance Companies, in Bloomington, Illinois, who is accompanied by Mr. Herman Brandau, associate general counsel for State Farm Insurance Companies; and Mr. Clarence Ditlow, the executive director of the Center for Auto Safety, here in Washington, D.C.

Let me, pursuant to our rules of the committee hearing, make you all aware that this subcommittee, again, is holding an investigative hearing, and in doing so, it has the practice of taking the testimony under oath. Do any of you have any objection to testifying under oath?

The chair then advises each of you, that, under the rules of the House and the rules of this committee, you are entitled to be advised by counsel. Do any of you desire to be advised by counsel during your testimony today?

In that case, would you please rise and raise your right hand, as I swear you in? Do you swear that the testimony you're about to give is the truth, the whole truth and nothing but the truth?

You are each now under oath.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

And let me begin by welcoming Mr. Samuel Boyden, the associate research administrator for State Farm Insurance Companies, for your testimony, sir.

HERMAN BRANDAU, ASSOCIATE GENERAL COUNSEL, STATE FARM INSURANCE COMPANIES: I'm going to begin the testimony for State Farm, and then Mr. Boyden will conclude our testimony.

MR. TAUZIN: Mr. Brandau, that's fine. Mr. Brandau is recognized.

MR. BRANDAU: Mr. Chairman and members of the subcommittee, my name is Herman Brandau. I am associate general counsel for State Farm Insurance. My responsibilities include coordination of our many public policy initiatives relating to auto safety. Accompanying me today is Samuel Boyden, an associate research administrator at State Farm.

Both us work at our company's headquarters in Bloomington, Illinois. We would like to thank the members of the two subcommittees for inviting State Farm to testify today on this very important auto safety issue.

State Farm is the nation's largest auto insurer with 37 million policies, and one out of every five cars insured. One of our top priorities at State Farm is to promote improved vehicle and highway safety. We have worked to find legislative, regulatory and competitive solutions to reduce auto crashes and protect those involved in crashes.

We have taken a lead role in creating two of the most important vehicle and highway safety organizations: The Insurance Institute for Highway Safety, which is chaired this year by our CEO, Ed Rust; and the Advocates for Highway and Auto Safety, which I co-chair this year.

Our current initiatives in highway safety include a partnership with the Children's Hospital of Philadelphia to research the causes of childhood deaths and injuries in highway crashes, and a project where we use our research to identify and suggest ways to improve dangerous intersections. Our history and current activities on highway safety are further elaborated in our written statement.

State Farm collects and examines claim data for multiple business purposes. If problems with a particular product cause or contribute to an individual claim, we then seek compensation from the manufacturer. In some instances, the same information developed for State Farm's internal business purposes can help safety experts identify a potential problem.

Mr. Boyden will now discuss his activities in relationship with NHTSA.

MR. TAUZIN: Thank you, Mr. Brandau.

Mr. Boyden is recognized.

MR. BOYDEN: Mr. Chairman and members of the subcommittees, my name is Sam Boyden. I'm an associate research administrator. My work at State Farm involves gathering and analyzing data on auto industry and damage-related issues from our claims files for a number of business purposes.

We are not safety regulators, but rather, where appropriate, we communicate data to NHTSA, the lead vehicle safety agency. Since the mid-1990s, NHTSA has sent us, on a monthly basis, details of safety-related recalls and other investigations that have been open, upgraded or closed during that period. We sometimes receive special requests on data for specific vehicles for safety concerns that have not been upgraded to a public investigation.

In response to these requests, we search for matching claims based on information reported to us from our local claim offices throughout the country. Our function is to serve the claims department as a resource for inquiries we receive from the field. We are not a repository of all claims data. Information that is received by us is provided at the judgment and discretion of our individual claims representatives.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

Most of the data we provide NHTSA is in response to our requests from the agency. However, we do notify NHTSA if a potential claim trend is being reported from our field offices. We are in regular communication with NHTSA by e-mail and telephone on a wide range of related issues.

In a year, we share information on approximately 150 investigations and evaluations that are undertaken by NHTSA. Identifying trends in claims data is quite different from the requirements of investigating safety concerns and issuing product recalls. State Farm does not report defects, rather it reports claim trends that may reflect the possibility of a product defect.

Regarding the Firestone tire issue, on July 22, 1998, I had a conversation with NHTSA and followed up with an e-mail stating we had noticed 21 reports regarding Firestone ATX tires. I noted that 14 of the 21 reports were for tires on 1991 to 1995 Ford Explorers.

Subsequently, during the summer of 1999, I telephoned NHTSA to discuss this issue, among others, with them. Again, on December 2, 1999, I received a phone call from NHTSA to discuss a number of vehicle-related issues and, during our conversation, I again mentioned the Firestone ATX tire issue.

On April 25, 2000, in response to a request from NHTSA, I sent an e-mail in which I provided additional information on Firestone ATX, ATX-2 and Wilderness tires. I gave a breakdown by calendar year, the tire type for the period covering 1996 through April 2000, and provided information on 70 reports.

We thank you for the opportunity to appear before your subcommittees and, in particular, we would like to thank the staff of the committees for their help in preparation for this hearing.

Auto safety is a prime concern for State Farm. If there is any other information or assistance that we can give these subcommittees or your staff on this, or other safety-related matters, we will always be available to assist.

MR. TAUZIN: Thank you, Mr. Boyden.

Mr. Ditlow, the executive director of the Center for Auto Safety, here in Washington, D.C.

MR. DITLOW: Thank you, Mr. Chairman and other stalwart members of the committee. I'm happy to see you stayed to hear a few words from us. I'll keep them brief.

The Center for Auto Safety has been looking at automobile defects for 30 years, and we have never seen or found an automobile defect before it was found by the automobile manufacturers.

And in March the 2nd of this year, I gave a talk at the Clemson University Tire Industry Conference, attended by executives from the auto companies and from the tire companies. And, at that time, I told the assembled audience that the Firestone ATX on Ford Explorers was the next Firestone 500. And the number-one tire concern of consumers was, why were so many Ford Explorers rolling over after Firestone ATX tread separations? Two months before NHTSA opened its investigation, five months before the first recall.

When we -- and NHTSA had an earlier warning from State Farm, as we have just heard, in 1998. And we've seen today a lot of analysis by this committee and by Ford and Firestone of the 2,400 Firestone claims. And I saw a document submitted by Ford Motor Company dated July 24, cover letter in the public record at NHTSA, discussing the fact that Ford Motor Company, in its own reports, had received about, as I recall, 1,100 complaints of blowouts, tread separations and other tire failures in the subject vehicles.

MR. DITLOW: Now that's getting up to knowledge of Ford Motor Company in the level of Firestone. But the trouble is, for the American public -- and this goes across the -- all the different sources of data that we have -- that information is not yet in the public file.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

The American -- so we would like to analyze it. We'd like to look at it, find out what types of complaints they are. How do they compare to the Firestone claims? When did they occur? What tires do they want? Those are all unanswered questions.

The two big questions to the American public today are: If Ford recalled the 16-inch tire abroad, why aren't they recalling it here? If the Decatur plant is making bad tires, why aren't other tires at the Decatur plant being recalled?

Until we have that information on the public record, giving explanations that we can understand and not being held confidential, then our position is all the Firestone ATX, all the Firestone ATX-2, and all the Wilderness AT tires, regardless of the plant and regardless of the size, should be recalled.

The final thought that I would like to give you on the investigation process is that, historically the agency has opened investigations on as few as one complaint. The seminal litigated case in this country is the Kelsey-Hayes wheels case that was opened, as the Court of Appeals noted, on the basis of one complaint. The failure rate was 0.2 percent on the wheels. And they set forth the test for looking at defects: You balance the frequency versus the severity.

When the Center for Auto Safety testified before this committee in 1978 -- I was the individual doing it -- there were 14,000 -- or -- 14,000 consumer complaints on the Firestone 500 tires, only 41 deaths. Today, we see 1,400 complaints but 88 deaths. The difference is the vehicle that it's on, and we should go forward.

And I want to do one thing -- I want to commend this committee for putting on the public record more information than the public has received to date from NHTSA, Ford, or Firestone.

Thank you.

MR. TAUZIN: Thank you, Mr. Ditlow.

The chair recognizes himself.

First of all, Mr. Ditlow, when was that information of 1,100 tire failures submitted to Ford?

MR. DITLOW: That was submitted on July -- it's a July the 24th submission, which was put in the docket at NHTSA -- the cover letter...

MR. TAUZIN: That's July of this year?

MR. DITLOW: July of this year, in this investigation.

MR. TAUZIN: So, that's at NHTSA right now.

MR. DITLOW: It's in the record, but it hasn't been analyzed.

MR. TAUZIN: Let me turn to you, Mr. Boyden.

What prompted you, on your own volition, to send the e-mail to NHTSA detailing the 21 cases of tire separation and accident and fatality to their attention? What made you think that that was pretty significant?

MR. BOYDEN: OK. The way we receive this information is when our claim representatives phone in to our corporate office. They're trained to see things unusual on the claims that they're handling and, at that point, contact us at corporate. And generally they're inquiring if there's already a recall or an investigation regarding that problem.

Also, as they're calling, we collect that data from that claim that they're...

MR. TAUZIN: So you have claim reps around the country calling you and saying, "Hey, what's going here? Is there a recall -- is there a recall pending? Is there an investigation? Something is going on here."

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. BOYDEN: Exactly.

MR. TAUZIN: The claim reps are calling.

MR. BOYDEN: And we at that point also collect that information for internal purposes.

During 1998 -- in June of 1998 -- we received a call, and July of 1998, we received three calls, all for Firestone ATX tire tread separations. In the process of looking back at any previous records we had, that's when we spotted the others.

MR. TAUZIN: So, the calls alerted you to look for the trend, and you discovered it?

MR. BOYDEN: Correct.

MR. TAUZIN: And you thought it was serious enough that NHTSA ought to know about it.

MR. BOYDEN: From what we were seeing, we had ATX tires mentioned in each one of these files, tire tread separation. We had some pretty serious losses involved in those 21. There were two fatalities. And with that information, like I said, we can't determine if that's an actual defect, but it was definitely a claim trend we were seeing.

MR. TAUZIN: Did you see any other trend like that with other tires?

MR. BOYDEN: No.

MR. TAUZIN: No.

MR. BOYDEN: Not at that time.

MR. TAUZIN: So this was pretty unique.

MR. BOYDEN: Exactly.

MR. TAUZIN: And you reported these 21 cases with this unique pattern to NHTSA. Did you get any reply from NHTSA?

MR. BOYDEN: During 1998 is when we really first started e-mail communications. At the first of the year, we had some difficulties -- mine weren't reaching NHTSA and theirs weren't reaching me. And we worked through that. But we pretty much came to the protocol that I would call, discuss something first, and then e-mail. And if they didn't get it, they would call me. And the same...

MR. TAUZIN: Well, did they ever call you and say did you get our e-mail.

MR. BOYDEN: No, they didn't call saying that they hadn't received it, so...

MR. TAUZIN: As far as you know, they never tried to communicate back with you after they received your e-mail detailing this very alarming trend?

MR. BOYDEN: Not on that particular issue. Like I'd mentioned earlier, though, we're in conversation on 150 different investigations and such through a year. So we're constantly speaking with them.

MR. TAUZIN: But you call them back. You call them back, obviously, to talk about a number of things. But you gave them an update, didn't you?

MR. BOYDEN: Yes.

MR. TAUZIN: When did that occur?

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. BOYDEN: That was in mid-year 1999 and for whatever reason, I didn't have that logged.

MR. TAUZIN: But you called them mid-year and you gave them a report. And what was your report?

MR. BOYDEN: Well, the report was, when I shared the information in July of 1998, we only had four reports called in for 1998.

Something we need to keep in mind here, too -- I've heard this phrase used a few times -- this is not our universe of claims. These calls that come in to our corporate office are at the discretion of our claim reps. They're not required to call these in.

MR. TAUZIN: So these didn't represent all the cases. These represented...

MR. BOYDEN: These were ones that they thought...

MR. TAUZIN: These were ones thought seriously enough to call you and talk to you about it...

MR. BOYDEN: Exactly.

MR. TAUZIN: ... and say, "What's going on here?"

MR. BOYDEN: By the end of 1998, we had received ten more, so we had 14...

MR. TAUZIN: You received ten more by the end of '98...

MR. BOYDEN: From July...

MR. TAUZIN: ... for a total of 14 in '98.

MR. BOYDEN: Correct.

MR. TAUZIN: And you notified the agency of this.

MR. BOYDEN: Right.

MR. TAUZIN: What did the agency tell you?

MR. BOYDEN: I really can't remember it then...

MR. TAUZIN: Who did you talk to?

MR. BOYDEN: At that time, we had one contact that we dealt with all the time.

MR. TAUZIN: Was his name Bill Duckwith (ph)?

MR. BOYDEN: Correct.

MR. TAUZIN: And so you talked to Bill Duckwith (ph) at the agency, who was the liaison, I believe, to State Farm, correct?

MR. BOYDEN: Right. Correct.

MR. TAUZIN: And you don't recall what he had to say, but as far as you know, you never heard anymore from him?

MR. BOYDEN: Generally there weren't any of our phone conversations that dealt with one subject.

MR. TAUZIN: You dealt with a number of subjects.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. BOYDEN: We normally would talk about...

MR. TAUZIN: But then you received a call from him on December the 2nd, '99...

MR. BOYDEN: Right.

MR. TAUZIN: And that is logged at State Farm.

MR. BOYDEN: It was logged...

MR. TAUZIN: And we have a copy of that log and a copy of your memo on it.

And you talked about a number of things, but it says you talked about the Firestone ATX tires. What did you tell him in December of '99?

MR. BOYDEN: Again, that the numbers seemed to be escalating.

MR. TAUZIN: In fact, you gave him some more numbers, didn't you?

MR. BOYDEN: Correct.

MR. TAUZIN: How many more?

MR. BOYDEN: It's like mid-30s.

MR. TAUZIN: Yes, we have 35 in our records.

You reported 35 more incidents like the ten you reported in the second phone call and the 21 you reported in the e-mail. That's 21 and 10 is 31, and 35 more -- 66 incident you reported from July of '98 to December of '99 to the agency.

MR. BOYDEN: We did get the request in April.

MR. TAUZIN: Did you expect the agency to take you seriously and start an investigation?

MR. BOYDEN: I know that NHTSA has a lot of investigations that they have going on.

MR. TAUZIN: Yes.

MR. BOYDEN: As far as my knowledge of their internal workings, I can't really speak for their internal workings. We share data on a lot of issues.

MR. TAUZIN: Mr. Ditlow, you make the point that one complaint was enough at NHTSA to provoke one of the most important cases dealing with safety in American -- in the history of the agency. Here was 66. Does it surprise you that the agency did not begin an immediate investigation?

MR. DITLOW: It goes beyond that. It shocks me. Because these weren't just complaints. There were fatalities in there. And they pay particular attention to accidents involving fatalities. It may take 50 or 100 complaints if there aren't any deaths or injuries. But very often, if there's one death, two deaths -- I would say it's the rule rather than the exception to open an investigation if you have multiple complaints with multiple deaths.

MR. TAUZIN: In fact, in this case we had multiple deaths.

MR. DITLOW: In this case we had multiple deaths, and we had far more than a handful of complaints.

MR. TAUZIN: How can you explain the agency's inactivity?

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. BOYDEN: Mr. Chairman?

MR. TAUZIN: Yes, Mr. Boyden?

MR. BOYDEN: There's one area that hasn't been discussed -- one area that State Farm is extremely sensitive to -- State Farm is extremely sensitive to our policyholders' privacy. We've worked with NHTSA for quite some time and they're very aware of that. When we share this information, these inquiries, they are blocked.

MR. BOYDEN: There are no identifiers to our policyholders from either the VIN number or names. I don't believe they put it in their public database. They have the information with the individual engineers, but I don't believe it's in their public database.

MR. TAUZIN: Never made it into the database?

MR. BOYDEN: The way it normally works, if it's information that we share or if it's (inaudible) given in investigations that are opened, if they want to take it to the next level, then we make contact again, and then I contact our claim representatives, who in turn contact our policyholders in a release.

MR. TAUZIN: But they never asked you to do that, did they?

MR. BOYDEN: No. Not at that point.

MR. TAUZIN: It just went into some black hole somewhere?

MR. BOYDEN: I'm not sure about black holes.

MR. TAUZIN: Let me say, I think that if there were any heroes in this awful saga, it's the television station in Houston who connected the dots, Mr. Shimkus, and Mr. Boyden, I put you in the same category. Let me thank you for not only taking the trouble to spot this trend, but for reporting it when you did.

I just can't help but imagine what had happened had you been taken seriously, had the recall started in '98 instead of the year 2000. And had -- how many of those folks who are no longer with us had a chance to replace their tires in time.

MR. BOYDEN: There is one area that -- and I spoke with a lady this week, in fact, she called, not a State Farm policyholder, but after she read the article that she had saw that we were looking into 16-inch vehicle tires also. She called from Tulsa, Oklahoma, I believe it was, and I explained to her the need to contact NHTSA.

And this is another area that I think we've seen early on that NHTSA didn't have the complaints in their database, and more people I've spoke with are really not aware of the fact that in their vehicle owner's manual is a procedure to contact NHTSA.

MR. TAUZIN: Let me say again so everybody hears it. There is, in your vehicle owner's manual-- every consumer who owns a vehicle purchased in this country, in the owner's manual is a section on how to contact NHTSA if you have one of these safety problems.

And what you're saying, Mr. Boyden, is hopefully, advising more people to do that, right?

MR. BOYDEN: If half of the individuals that own these vehicles and had these losses, no matter how severe, minor damages, and they felt as though that was a safety-related problem, had contacted NHTSA, we wouldn't have to concern ourselves with my e-mail or the news broadcast; NHTSA would have already been made aware of this.

MR. TAUZIN: Well, but the fact is, you took the trouble to do it for them, and unfortunately, I think you were ignored.

The chair will yield to the gentleman from Michigan, Mr. Stupak.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. STUPAK: Thanks, Mr. Chairman.

But I'd think we'd all agree, Mr. Boyden, that when you have an accident like this, last person on your mind is probably NHTSA, right?

MR. BOYDEN: That's true.

MR. STUPAK: We know, with all due respect, the first thing you're going to do is get a hold of the name of the manufacturer of your vehicle and then the manufacturer of the tire. Because when you go to the vehicle, in this case, Ford, they'll tell you, "We don't warrant it. You got to get ahold of Goodyear -- excuse me -- "Firestone." If there's a Firestone in your area.

MR. BOYDEN: That depends on the size of the accident also.

MR. STUPAK: Sure.

MR. BOYDEN: If it's minor. If it's a larger accident, then normally they contact their agent.

MR. STUPAK: OK.

Do you have any idea what NHTSA did with the information you sent them by e-mail in 1998?

MR. BOYDEN: No, I don't. Once I sent it, I realized I didn't get a contact back, so I knew they had received it (inaudible).

MR. STUPAK: And same with '99, the summer of '99, and again in December of '99, do you know what they did with it?

MR. BOYDEN: As far as I knew, it was being forwarded on to the right person.

MR. STUPAK: Again, you didn't get any reply back saying, "We didn't get your e-mail" or something like that, right?

MR. BOYDEN: Right.

Like I say, we were working on a number of different issues at the times, too.

MR. STUPAK: Let me ask you this: What do you think NHTSA should have done with the information you provided them in '99, '98?

MR. BOYDEN: At that point, what I was really sharing with them was a trend that we were seeing, a claim trend. The way I would feel is that they had looked into it and possibly, because of the numbers, didn't feel there was an issue at that time.

MR. STUPAK: So you were at least reasonably confident someone was, at least, looking at the information you were sending them?

MR. BOYDEN: Yes.

MR. STUPAK: Good.

Thanks, and thanks for your testimony.

MR. BOYDEN: Thank you.

MR. STUPAK: Mr. Ditlow, it was testified by Ford today that early warning system reporting -- what early warning system for tire safety defects should be in place for the tire manufacturer, for the automobile manufacturer and NHTSA?

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. DITLOW: Well, one requirement should be that if there's an adjustment rate above 1 percent that -- or a threshold that NHTSA picks out -- that it be reported to the agency. In what we have seen, is the adjustment rates have gone down over the years, but the consequences have gone up. So I might want to adjust that. Same thing would go with the automobile manufacturers.

And what you need to do when you're dealing with tire defects is you have to cast a bigger net, because so few consumers actually complain about a single failure. They replace the tire, they go on. Unless they have multiple failures or an accident, a consumer is not likely to complain. So the agency needs to be more proactive.

And in the case of the Firestone 500, the agency actually did a 100,000-vehicle survey to try to get information on respective failure rates. But they no longer have the money to do that.

So my two recommendations are warranty or adjustment rates and the reporting of product liability lawsuits.

MR. STUPAK: In 1978, Mr. Ditlow, NHTSA requested money from Congress to develop a tire inflation warning system, because, quote, "A significant percentage of tires," end of quote, in use then were at least 10 pounds under-inflated. NHTSA didn't get the money. Do you think the situation would have been different if they would have received those funds?

MR. DITLOW: I certainly feel that if we had low tire-pressure warning devices on automobiles, we would have had fewer failures. Because people, they look at radial tires, they're not sure. Today, we have far more self-service stations, fewer attendants. The problem is even bigger today than it was then.

MR. STUPAK: You testified back in 1978 concerning the previous Firestone problem with the Firestone 500s, did you not?

MR. DITLOW: I testified, yes.

MR. STUPAK: And at that time, you stated that in the eight years of monitoring vehicle safety defects, only the Pinto gas tank had claimed more lives than this tire, than the Firestone 500. At that point, the Firestone 500 was responsible for 16 deaths, 15 injuries, where the AT and the ATX tires, there are over 80 deaths recorded, and injuries. Is this a new record for the worst safety defect?

MR. DITLOW: Unfortunately, it's in the top three. Unfortunately, the records have continued to be broken over the years. And the GM side-saddle gas tanks is the record now at 150.

MR. STUPAK: What else do you think should have been done here? I mean, an early warning system? Reporting maybe? What other recommendations or -- do you think should be done here?

MR. DITLOW: Well, one -- we do need to upgrade Standard 109. This committee recommended that back in 1978. The situation with sport utility vehicles, their higher center of gravity, a tire failure today is more likely to result in an accident than a tire failure would have on a passenger car back in those days. So that's my next most important recommendation in the tire area.

And then, finally, for consumers who actually have these tires, let's put the tire ID number on the outside sidewall so you don't have to crawl under it and look to see whether or not you have, you know, one of the vehicles subject to a recall.

That tire identification number is the single most important piece of information on a tire, and yet it's the hardest to find.

MR. STUPAK: I had suggested, and then I got commitments from both Firestone and Ford, to do an independent review of all that's happened outside of their shops. You think that would be helpful in this case?

MR. DITLOW: Yes, it would be.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. STUPAK: Thank you, Mr. Chairman, I see my time's up. I have no further questions.

MR. TAUZIN: Thank you Mr. Stupak.

The chair recognizes the chairman of the O&I Subcommittee, Mr. Upton.

MR. UPTON: Thank you, Mr. Chairman. And I hope not to take my full five minutes.

I just want to say -- Sam, if I can call you Sam -- I thought this story was terrific in Friday's Journal. And I'm glad that your three kids and wife are proud of you. And as a State Farm policyholder, I'm proud of you too.

MR. BOYDEN: Thank you.

MR. UPTON: And I know you compiled, I think, for Mr. Brandau, at least, the documents that were provided to the committee, which are fairly thick, about a half-inch thick of literally -- well, I guess there's about 75 cases here or so -- detailing all of these different instances that you sent on to, I guess, Mr. Brandau, formally sent on to NHTSA. Is that right?

MR. BOYDEN: I forwarded those to NHTSA at different times.

(CROSSTALK)

MR. STUPAK: You did the work.

But, Mr. Brandau did the cover note to us.

(LAUGHTER)

(UNKNOWN): To you, yes, absolutely.

MR. STUPAK: And you didn't even mention Mr. Boyden in here, I don't think.

(LAUGHTER)

Oh, yes, there he is. He's got a letter in there, as well. I guess it's a letter to us.

But all of this information -- seriously now, all of this information was transmitted to NHTSA, was it not?

MR. BOYDEN: Correct, it was.

MR. STUPAK: Did it detail all of this information to them?

MR. BOYDEN: With the exception of the cover letters...

MR. UPTON: With Mr. Brandau's cover note.

At least you've got your picture in there.

MR. BOYDEN: I've got my picture in the paper.

MR. UPTON: But, you know, as I thumb through all of these -- and I didn't actually -- I was -- been in Michigan, I didn't come back -- really, today's my first full day back, as it is for virtually every member of the committee. But it's just a telling document, page by page by page, about all these failures that Firestone had.

MR. BOYDEN: Right.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. UPTON: Now you sent this on to NHTSA. We know the history of their response, or lack of response back to you. Did you ever think about sending it to Firestone, or even to Ford?

MR. BOYDEN: Our claim representatives, on their individual claims, would have more than likely contacted Firestone through subrogation. We really didn't have a contact with Firestone to share that information.

MR. UPTON: So there's a door that's just closed from the beginning.

Well, I just again -- I want to thank you, along with the other folks here. I know that the committee thanks you as well, because if it hadn't been for you and Channel 11, we'd probably all be home with our wife and kids tonight, instead of here looking at a very serious situation that obviously governs the attention of this committee, in its entirety. And I just welcome this information, and thank you very much for stepping forward, and telling your story.

MR. BOYDEN: Thank you for having us here.

MR. TAUZIN: Thank you, Mr. Upton. In fact, we were saying we hoped -- we wished, perhaps, you had thought to send this information to KHOU in Houston, in July of '98. Maybe this thing would have started a little sooner.

The chair recognizes Mr. Sawyer, from Ohio.

MR. SAWYER: Thank you, Mr. Chairman.

Thank you both, very much, for all that you've done. I particularly -- I keep hearing you characterized as an automotive enthusiast. And it's nice to see somebody who is an enthusiast who can find safety not compromised by that enthusiasm, and that they are compatible with one another.

State Farm participated, in 1998, with the review of the Federal Motor Vehicle Safety Standards, Section 109, along with a number of other participants. Would it be possible for you to share your recommendations, with regard to 109, with this committee?

MR. BOYDEN: Is that the tire standard?

MR. SAWYER: Pardon me? Yes.

MR. BOYDEN: We, State Farm, I don't believe actually made a formal presentation...

MR. SAWYER: Did not make a formal presentation?

MR. BOYDEN: ... on 109.

MR. SAWYER: Well, the reason that I ask you that is that it seems to me that we ought to have a better way to make use of claims data; that there is a data stream out there that is getting lost in the blizzard. And it takes a special effort to ferret out the meaningful information within lots of data.

And it seems to me that it would be worthwhile for us to take a look at, not only what and how information is collected, but definitions of events, and to understand how they're tabulated. The effort that was made to isolate site of manufacture appears to have a significant role in the events that we've experienced in the last few years.

The ability to do that, it seems to me, is not a formal part of the 109 standards, but perhaps ought to be. And I would hope that at some point you could give some thought to that. And you are -- you encounter those data in meaningful ways. And I think that would be useful.

Mr. Ditlow, you mentioned something that I think is enormously important, that with the Firestone 500, the numbers were much larger, the consequences were not so great. The notion of a 1 percent threshold appears to begin to lose its meaning in the light of the change between what happened in 1977 and '78, and what happened in the course of the last couple of years.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

It seems to me that we need to figure out how best to quantify the catastrophic nature of a series of events; that it's not simply enough to speak of those in subjective terms, but that we ought to be able to measure it. Because that simple, absolute, black and white, bright-line threshold may not tell us all that we need to know about the consequences of the series of events. Could you comment on that?

MR. DITLOW: That is correct. I mean, in many instances the finding of defects is almost an art. And there are no -- and it's very hard to have a black/white line. But what you certainly need are mechanisms where the agency can become more prospective, and mine these other data sources. I mean, State Farm Insurance Company, providing the claims information to the agencies, is just really exemplary. And other insurers should follow that line.

But we have to ask ourselves what other databases are not being tapped. We heard reference to the fatal accident reporting system here, earlier in these hearings. And the agency traditionally doesn't look at the fatal accident reporting system until after an investigation is opened, and they should look at it beforehand. And we have a national accident sampling system.

So, part of the message to the agency is to figure out what data sources are out there, and to make sure that you utilize what is available, because an under-utilized data source is a lot cheaper than developing a new one.

MR. SAWYER: Coming together and finding ways that we can all agree on to quantify that...

MR. DITLOW: Yes, well if you want to quantify it -- I mean, what I would do is any -- if you have a death accident, it should be reported. If you have a death failure involving a tire, that should be reported to the agency by the company, not as a safety defect, but just as an early warning.

If the -- it's simple, if your adjustment rates -- what type of adjustments are you looking at? If you have tread separations, those are more important than wearout mechanisms or chunks. So you have to -- so, I would like to sit down and work with the agency to develop this type of thing. But until now, the agency hasn't been focused on trying to develop that filter.

MR. SAWYER: Thank you very much, Mr. Chairman.

MR. TAUZIN: Thank you, Tom.

The chair recognizes the gentleman from Tennessee, Mr. Bryant.

MR. BRYANT: Thank you.

I thank the panel. I thank, especially, the representatives from State Farm, as well as your company, for providing this great effort here. And I think we're all tired. I think most of the questions have already been asked. I think there are probably a few left, but I'm going to leave those to my colleagues and yield back my time.

MR. TAUZIN: Thank you, Mr. Bryant.

The gentleman from North Carolina, Mr. Burr.

MR. BURR: The gentleman from Tennessee surprised me. I was sitting here trying to add up my premiums to State Farm to see if I paid for their trip out here.

(LAUGHTER)

I think, clearly, you could make the trip a couple of times, and...

MR. BOYDEN: Well, we appreciate it.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. BURR: ... and we're probably indicative of your one-out-of-five number, on autos as well. And let me just ask you about that. You, just simply because of the sheer numbers of automobiles that you insure, could be, and probably are, a tremendous resource to NHTSA. Would that be an accurate statement?

MR. BOYDEN: I would say so.

MR. BURR: Would it be safe to assume that State Farm's relationship with NHTSA is very close?

MR. BRANDAU: Yes, and it's very close not only in terms of what Sam does with NHTSA, but we also cooperate with NHTSA on a number of safety programs. We're working very closely with them on the air bag safety campaign. So, through the years, we've had very good relationships with NHTSA.

We look to NHTSA as the primary agency on auto safety, and in very many arenas we work with them. So, we try to keep a very positive relationship with NHTSA.

MR. BURR: So I would take for granted, Sam, when you contact them, this is not an unusual thing for you to pass on some tidbit of information, that maybe you pick up from the State Farm database, with or without identifiers, and in most cases, I'm sure they're without identifiers. But the raw information -- that's not unusual for somebody on the other end to receive a phone call and an e-mail follow-up from that.

MR. BOYDEN: That's correct. As I mentioned, we work with them on 150 or more issues a year, different investigations and evaluations and such.

MR. BURR: What, if anything, can you conclude from the fact that we even had a difficult time getting them to acknowledge that there was an original 1998 correspondence from you?

MR. BOYDEN: I'm speechless. I knew that they had the e-mail. I had spoke with the individuals over time. They had made me aware that they had the e-mail, and it was just a matter of locating it.

MR. BURR: Did anybody from NHTSA ever follow back up with you, unsolicited by yourself, to see any update on the trend that you had identified?

MR. BOYDEN: Yes, in April of this year, the investigator...

MR. BURR: But clearly that was once there was a Houston TV expose, and Ford and Firestone and NHTSA began a much more intensive investigation.

MR. BOYDEN: There was no initial contact prior to that.

MR. BURR: When NHTSA made contact with you in April, did you have to recreate all the information you had already supplied for them, or did you just pick up from the April 28 -- or the December '99 phone call and give them what you had learned in the last three months?

MR. BOYDEN: The July e-mail they had in hand at the time, so it was just updating from there and up to April of 2000.

MR. BURR: So there was -- after the July e-mail the subsequent conversations that you had with them to update them on the numbers, that was not reflected in the information that they had in April of 2000 when they contacted you?

MR. BOYDEN: I think they were aware that there were more numbers. I'm not sure they had actual counts.

MR. BURR: But nobody had bothered to write that down, to put that with the July '98 e-mail that you had sent them?

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

MR. BOYDEN: I'm not really sure on that.

MR. BURR: I may have to go to Mr. Brandau on the -- I'm not a lawyer, but I'm still trying to figure out the subrogation issue.

Firestone told me earlier that they never made any reimbursements to State Farm for claims that you had paid for your individuals that were insured that had loss and you went back to Firestone because you thought it was the fault of the tire. Now, am I -- am I laying out the...

MR. BRANDAU: I'm not sure if that's what Firestone said, but I do know that we -- at least in our headquarters, we do have indications of subrogation claims that we did have against Firestone. Now, we don't have them all, but we know that we had at least six of the recall...

MR. TAUZIN: Would the gentleman yield on that?

MR. BURR: Clearly I must have misunderstood the answer that I got.

MR. TAUZIN: Yes, I think there was confusion in the testimony and perhaps we can get it straight. What I understood Firestone to say was that they had never struck a deal or an agreement with State Farm on the issue of...

(CROSSTALK)

MR. BURR: The gentleman's correct. I use -- I use the word...

MR. TAUZIN: ... but they did settle individual subrogation claims.

MR. BURR: I used the word "settlement," and I think that...

MR. TAUZIN: I think...

(CROSSTALK)

MR. BURR: ... probably was the buzzword that they didn't want to agree to.

MR. BRANDAU: Right.

MR. TAUZIN: But we have a document indicating a number of subrogation settlements...

(CROSSTALK)

MR. BRANDAU: Yes, we did have a -- yes, we did have a number of settlements that we knew of, and I'm sure we have some more out in the field on individual cases.

MR. BURR: From the standpoint of State Farm or any insurer, when a company agrees to that subrogation...

MR. BRANDAU: Right.

MR. BURR: ... the -- State Farm would then drop it. Am I correct? They're reimbursed?

MR. BRANDAU: Yes, we're reimbursed.

MR. BURR: And part of that agreement is that they don't accept any blame or liability, they're just paying off the claim.

MR. BRANDAU: That's usually what it says, but to the best of our knowledge, also, we had no confidentiality arrangement with Firestone, at least the ones that we've looked at at State Farm, so we were free to mention it, as

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

we have to this committee. So when you say we dropped it, well, we recovered our losses, but we certainly kept it in our central unit at State Farm and it was something that we certainly used in terms of looking at trends.

MR. BOYDEN: It's not only returning our losses, it's also returning the policyholder's deductible. That's a prime concern.

MR. BURR: Mr. Chairman, I would ask, if we don't have the information as far as the number of claims that were subrogated, what they can legally provide for us, I hope that they would.

MR. TAUZIN: I think we already have that information.

MR. BRANDAU: I think we've given you at least a summary of the information.

MR. TAUZIN: Right. I think State Farm -- I mean Firestone also agreed, as I understood their testimony, to supply us with information as to any findings by experts on the question of defects that are part of these claims or lawsuits.

MR. BURR: I thank the chair.

MR. TAUZIN: Thank the gentleman.

The gentleman from Illinois, Mr. Shimkus.

MR. SHIMKUS: Thank you, Mr. Chairman. My colleagues have done a good job extolling the virtues of an Illinois company and an Illinois citizen, and one of the reasons why I'm staying so long is to make sure that that's done.

Illinois is a great insurance state because we don't regulate the price. Our insurance commissioners, they let the market set the price, and that's why we're a very good insurance state and proud of companies like State Farm.

On the subrogation issue, I mentioned this to Dr. Bailey and the whole idea of connecting the dots and more information. That information is never -- was never forwarded to NHTSA, though; am I correct?

MR. BRANDAU: Not the subrogation issue.

MR. SHIMKUS: Not the subrogation. Had it would, it would still even make more of a compelling case, Mr. Boyden, don't you agree, to NHTSA?

MR. BOYDEN: I believe so. I can't swear to it, but I believe when they open a PE level -- I've had contact where they've gotten copies of our subrogation information. I think it's on a PE level when the manufacturer forwards that to NHTSA.

MR. SHIMKUS: That I will defer to you.

The last thing I want to ask, Mr. Ditlow, another thing I brought up earlier was gathering this information, you know, who's the keeper: NHTSA, a third-party interest -- public interest group, or an industry-led group?

MR. DITLOW: Are we talking about the information being provided by the auto and the tire companies?

MR. SHIMKUS: Right.

MR. DITLOW: Yes. If it just went to NHTSA that would be fine and be collected there at the agency. We, as a public interest watchdog, I mean, we...

MR. SHIMKUS: If -- let me interrupt. If we could be assured that NHTSA would respond with good intentions. I mean, we just had a case of information being forwarded and no response. I mean, there are people who trust third-party interest groups more than they trust government, and there are some people who trust government more than they trust corporate America.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

I mean, so the point is somewhere a gathering of more information, a bigger database. And I'm not one -- I hope NHTSA could redeem itself, like maybe some entities in corporate America, and gather the trust, but in this case they have failed. So, I'm not ready to give them the good seal of approval that they should be the stewards of the information.

MR. DITLOW: What I would recommend is one of two things: either, A, you do, in fact, give it to an independent body, as you suggest; or, B, if you do give it to NHTSA, that you make it available to watchdog outsiders like ourselves. Because the worst of all situations is -- and much of the information that goes to NHTSA today is kept behind closed doors; we can't get access to it.

A real simple example of that is that we used to be able to get complete access to consumer complaints at NHTSA, and most tire complaints in this country don't have that tire ID number on it.

MR. DITLOW: So we used to call them up when we did the Firestone 500 and say, "What's the tire ID number on this tire? What's the brand?"

We can't do that because now NHTSA keeps it confidential and only gives it to the tire manufacturer or the auto manufacturer through a checkoff box that they have on the complaint. So, we've lost the ability to watchdog the agency on these complaints that they receive.

MR. SHIMKUS: And if -- Mr. Chairman, if I may -- on the opening up of the new tire standards, which has been suggested, would that also bring in account a question of a previous point that I made about addressing the nylon cap issue?

MR. DITLOW: I'm sorry. I thought you were asking State Farm. Could you repeat the question?

MR. SHIMKUS: Well, I was asking the panel. I was addressing...

MR. DITLOW: I think at 11:10 I'm a little tired.

MR. SHIMKUS: I think we all are. The nylon cap was discussed earlier as far as change in standards. If we opened up, as I understand, 109, which is the 1968 tire standard, that would call industry and would at least raise the issue of whether we wanted to go or look at using nylon caps to prohibit tire separation, is that -- is that a good follow-on analysis of what could happen?

MR. DITLOW: Well, if you upgrade -- if you opened up 109 and you significantly upgraded it -- say, for example, I would suggest not only running the test at the recommended air pressure, like 26 if that's what it is, but drop it down two or four pounds to represent what actually happens out there in the field as part of the test.

And my judgment is that if you have tough performance standards, the nylon cap would be a result of that performance standard.

MR. SHIMKUS: Thank you very much.

Thank you, Mr. Chairman. I yield back.

MR. TAUZIN: Thank you, Mr. Shimkus.

I think -- unless Mr. Rogan has a question.

MR. ROGAN: I have no questions.

MR. TAUZIN: He has no questions.

That concludes the questioning.

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE
RECALL

Let me beg your indulgence just for a second. We were just discussing the fact that many of the questions that are being asked right now -- how information collected at -- in organizations such as State Farm might properly find its way into the right data banks and be paid enough attention so that it has an impact upon safety decisions made by the agency and recalls, if necessary, of unsafe products.

And it occurred to us that we're still talking about collecting information about failures that have already occurred. We're still talking about a system that depends upon people getting hurt and injured before it gets to anybody's attention there's a defect in a product in the marketplace.

And I would hope we also turn a lot of our attention to the question of how we might devise standards and testing in advance of products going to the marketplace so that we don't have to rely upon deaths and injuries to occur in order to effectuate recalls or other safety actions.

I'm harkening way back now to my days at Nicholls State -- we call Nicholls State "Harvard on the Bayou" in Louisiana -- the little university where I went to school. But I remember studying Greek mythology, and if I recall properly, two brothers named Prometheus and Epimetheus -- Prometheus was the one who was punished for giving firestone -- fire to man. And the gods punished him, I think, by lashing him to a tree where a vulture ate out his heart every night. Pretty gruesome stuff. But he was blessed -- Prometheus was -- he and his brother were both blessed with gifts, as I recall.

Prometheus had a marvelous gift. It was the gift of foresight. He could see into the future. He could see what was going to happen. And while it's a gift, it's a horrible gift in some ways, because how much of us -- how many of us would really want to know what is going to happen tomorrow and the rest of our lives? But nevertheless, it's quite a fascinating gift, to be able to see in advance and, therefore, avoid risk and injury and death.

Epimetheus, on the other hand, was gifted with hindsight. He could see beautifully what happened yesterday.

And, unfortunately, we're dealing with a lot of hindsight today. And we've learned a lot. And I think we've all learned a lot about what happened and, in retrospect, what could have happened. As Mr. Nasser himself said, he regrets so horribly that he didn't ask the right questions sooner. And I'm sure that Firestone regrets that it didn't see these trends developing sooner and understand them. And I'm sure NHTSA regrets they didn't pay attention to the information you provided for them, Mr. Boyden, at a critical time.

But this committee has to move from this position of examining what happened yesterday to thinking about what should happen tomorrow. And we have to call upon, perhaps, the Almighty for some inspiration here and to each other's intellect for some guidance. So, I will ask you, as I will ask Firestone and Ford and NHTSA and all of my colleagues, to think this through after this hearing today. This has been a long but incredibly instructional hearing, I know for all of us and for the American public.

The next job is to follow up on this hearing, to make sure we have all the facts, that nothing is hidden, that the light shines on what happened yesterday and then to learn from it and devise a policy to ensure that it doesn't happen tomorrow.

I hope we build a policy built upon preventing products from entering the marketplace that are unsafe because we've properly tested them in the beginning, rather than depending upon a system, even as good as yours, to detect the trends of injury and death that tell us the product should have never been there in the first place.

I want to particularly thank, as we conclude the hearing, Joe Greenman (ph), Joe Symington (ph), Tom Delinge (ph), Mark DeLetta (ph), Janice Fakes (ph) and Ann Washington (ph), all of the staff of my good friend, Mr. Upton's Oversight and Investigation Committee and the Commerce Committee, for the extraordinary work they did compiling these -- this incredible volume of documents and information that form the background of this committee.

To all of you who spent long hours and traveled around the country -- I missed someone. Oh, indeed, I did not mention the minority staff. I should properly mention them. I don't have all your names, I apologize. But it was a

U.S. REPRESENTATIVE FRED UPTON (R-MI) HOLDS HEARING ON THE BRIDGESTONE/FIRESTONE RECALL

combination of majority and minority staff who traveled around the country gathering this information and I want to thank all of you. I apologize for not knowing all the names of the minority who assisted, but I will make sure that's entered into the record today.

This is not the end of this investigation. This is just the beginning. And when we conclude it, I hope our committee will make some recommendations, not just to NHTSA, but to the industries and perhaps even to the full Congress on how we can build a policy that, as Mr. Rush said, does not see this repeated over and over again.

Thank you very much for your attendance, your patience and your contributions.

MR. UPTON: Mr. Chairman?

MR. TAUZIN: Mr. Upton is recognized.

MR. UPTON: I just might add 30 seconds of appreciation to the staff as well. These hearings don't just happen. And for many of us, the issue came to us while we were at home during the August break. And for this hearing to start literally before Congress came back into session today and finished after 11 took a lot of hard time and a lot of terrific staff, both personal staff as well as committee staff, to get witnesses lined up, help us with questions, go over some of the testimony and we couldn't have done it without them obviously.

And I want to thank all my colleagues. A lot of hearings like this, you don't see this many members here. And particularly lasting 10.5 hours, 11 hours now.

So I want to thank you, Chairman Tauzin, for your commitment.

This is not the end. It is, sadly, the beginning, but we want to make sure that we don't have future instances like this ever again.

Thank you.

MR. TAUZIN: Mr. Upton, before we leave, let me do -- let me mention the minority staffers, Edith Holloman (ph), Bruce Quinn (ph) and Brenda Kelsey (ph), for the extraordinary contributions they made.

This has been, indeed, a bipartisan effort, and it continues to be and will continue to be until we resolve this issue. Thank you so much for your attendance.

The hearing stands adjourned.

END

Notes

???? - Indicates Speaker Unkown

- Could not make out what was being said.

off mike - Indicates Could not make out what was being said.

Classification

Language: ENGLISH

Subject: US CONGRESS (84%); US DEMOCRATIC PARTY (84%); CONSUMER PROTECTION (60%)

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RECALL

Company: BRIDGESTONE AMERICAS HOLDING INC (92%); BRIDGESTONE CORP (91%); BRIDGESTONE AMERICAS HOLDING INC (92%); BRIDGESTONE CORP (91%); SUBCOMMITTEE ON TELECOMMUNICATIONS TRADE&CONSUMER PROTECTION (76%)

Organization: SUBCOMMITTEE ON TELECOMMUNICATIONS TRADE&CONSUMER PROTECTION (76%)

Ticker: 5108 (TSE) (91%)

Industry: TIRES (60%)

Person: ED WHITFIELD (50%); BART STUPAK (50%); BRIAN P BILBRAY (50%); CHRISTOPHER COX (50%); FRED UPTON (50%); HENRY WAXMAN (50%); JOE BARTON (50%); RICHARD BURR (50%); ROY BLUNT (50%)

Geographic: IOWA, USA (79%); KENTUCKY, USA (79%)

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