Introduction

The proverbial man from Mars, looking at us afresh, would doubtless come to the conclusion that the automobile was the dominant fact in our producing, consuming, and perhaps our fantasy lives; he could plausibly conclude that the four-wheeled creatures run the society and that the two-legged creatures are its servants.

Douglas Dowd1

The automobile industry offers a compelling example of the dominance of corporate power in American society. Fundamental questions about democratic governance and institutional responsibility are raised by examining the power of the nation’s largest industry, and one that arguably has been the dominant industry of the twentieth century. This study focuses on the U.S. auto industry’s political influence to show its inordinate impact on public policy. It is written for those who are interested in understanding the exercise of corporate power in America and its effect on democratic possibilities. This work is not intended for two audiences: car buffs, who want to read a celebration of the automobile, and those scholars who insist that the sole legitimate approach for social inquiry is statistical testing of hypotheses.

The corporation has long been acknowledged as one of the central institutions of modern society, rivaling, if not surpassing, the state in its impact on contemporary life. Accordingly, long-time business analyst Peter Drucker wrote decades ago:

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What we look for in analyzing American society today is therefore the institution which sets the standard for the way of life and mode of living of our citizens; which leads, molds and directs; which determines our perspective on our own society; around which crystallize our social problems and to which we look for their solution. . . . And this, in our society today, is the large corporation.2

Fifty years after Drucker penned these words, the large corporation occupies an even greater role in American society. While in 1950 the top 100 corporations in the United States controlled 39.8 percent of all industrial assets, in 1992 they controlled 74.6 percent.3 The percentage rate continued to climb throughout the 1990s, with massive mergers across a number of industries.

Previous generations of scholars and journalists gave far greater attention to the issues related to corporate power than do scholars and journalists today. Indeed, what was of central concern to the populists of the late nineteenth century and to Progressive Era reformers of the early twentieth century, as well as a critical issue for debate during the New Deal, has largely disappeared from public discussion and scholarly study. Today, as big business becomes increasingly dominant, exercising ever more power over social life, public officials remain eerily silent or, worse, are involved in efforts to strengthen corporate concentration. With corporate control over the media firmly in place, journalists have joined in the celebration of the corporate world. Gone are the days of the muckraker.

For many scholars, corporate power seems to lie outside standard disciplinary boundaries. Lack of attention by political scientists is so prevalent that one recently wrote, "corporate power persists as one of the great enigmas of political science."4 Most economists, similarly, are simply indifferent to corporate power. Thus, two prominent economists could write that their discipline’s conception of power “has remained remarkably unchanged, unidimensional, and, in all, anemic and innocuous.”5 While the broad issues related to living in a corporate society receive insufficient attention, less effort is given to analyzing the exercise of power by particular corporate giants. The quiescence of most political leaders, journalists, and scholars has left the citizenry without a major institutional voice to articulate or challenge the institutional parameters or ideological position of the large corporation in American society today.

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Since the issue of corporate power has been neglected, it is necessary to pose again a basic question: What exactly is meant by corporate power? It is the power over what is produced, how these products are distributed, how work is organized, which skills workers need to develop, which advertising images are used to shape consumer consciousness, what kind of technology is developed, and what kinds of pollutants are created. Corporate power shapes the distribution of income, the conditions and location of employment, and thus the future of communities and nations.

An emphasis on corporate power stands in contrast to the standard focus of mainstream economists on markets, viewed as neutral clearing mechanisms between abstract producers and consumers. Those scholars who have been concerned about corporate power see nothing abstract about the power exercised by the modern corporation. In light of the scope of corporate power, many have concluded that the corporation is itself a private government. And the resources available to the large corporation give it leverage over the public government that is often unmatched. Accordingly, a political science that avoids examining these issues is one that cannot fulfill an ancient promise: understanding the nature of the good community.

As the preceding summary of the scope of corporate power suggests, corporate power is far more extensive than those actions directed to influencing government policy. However, this study focuses primarily on corporate influence over government policy and not, for example, the internal structure of the corporation and its decision-making processes or the impact of the automobile industry on American society. Several reasons guide this decision. To begin with, there already exists a large literature on various aspects of the impact of the car and the internal dynamics of the automobile industry, yet little has been written documenting the influence of the industry over public policy. In addition, by choosing this focus, this study seeks to meet the challenge set out for critics of corporate power by those political scientists who have insisted that studying key government decisions is necessary before any conclusions concerning power can be asserted. Thus, this study attempts to challenge conventional social science explanations of power on their own terrain to show that, in fact, the large corporation has a pervasive influence over public policy. To do this, the contours of political power of an entire industry over an extended period of time are examined. In this way, momentary variations in influence are located

within a perspective that yields a more thorough and rooted account than can be developed by treating a single issue, organization, or period.

To accomplish this goal, policy developments are grouped together according to historical periods so that material on a particular issue (e.g., fuel economy) appears in more than one chapter if policy battles in this area continued over time, and seemingly unrelated policy issues are addressed together when history brought them together. This form of presentation is essential to reveal the common patterns among different policy areas that, in turn, illustrate larger patterns of corporate influence and historical change. The approach used in this study focuses on the instrumental resources available to large corporations, the structural forces that enhance these resources, and the historical conditions that shape the circumstances within which contests occur. A framework for studying power that comprises these three elements is provided in the next chapter. It offers an approach to uncover those circumstances under which policy makers have been subject to the full force of economic power, as well as the conditions under which this same economic power has been constrained.

This study examines the central components of public policy explicitly directed to the auto industry: occupant safety, fuel economy, pollution emissions, and trade policy. Antitrust issues are also examined. The primary focus will be on those policies that affect passenger cars, as opposed to all motor vehicles. Except for a brief discussion that follows in this introduction, transportation policy and the development of the Interstate Highway System, clearly relevant to a comprehensive treatment of the politics of the automobile industry, are excluded because they have been thoroughly examined by others. An exploration of every policy decision or battle related to the automobile industry is well beyond the limits of any one book; only the central issues of each historical period will be addressed.7

Government policy toward the auto industry involves a large number of decision-making points, made by a vast array of government entities, including Congress, the president and the United States trade representative (USTR), the Justice Department’s Antitrust Division, the Federal Trade Commission (FTC), the International Trade Commission (ITC), the Department of Transportation and the National Highway Traffic Safety Administration (NHTSA), and the Environmental Protection Agency (EPA). The federal courts are fre-

7 The industry’s political involvement extends far beyond the core issues examined and in recent years has included North American Free Trade Agreement (NAFTA) and fast track legislation, President Bill Clinton’s health care reform proposals, U.S. sanctions against Iran and Cuba, electricity deregulation, immigration law enforcement, patent legislation, frequency spectrum auction, Mexico’s financial stability, product liability, Commerce Department reorganization, Medicare and Medicaid, no-fault insurance, defense spending, the striker replacement ban, bankruptcy law revisions, copyright protection, “Made in USA” label criteria, and mortgage insurance. See Automotive News, December 29, 1997, p. 30.
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quently involved in adjudicating issues considered (or avoided) by these governmenal bodies. In light of this broad institutional network and the centrality of the automobile industry to American society, the patterns that emerge from studying auto-related policy are more instructive than those derived from a narrower policy network.

Much has been written about the auto industry. Books have lampooned,9 celebrated,10 and criticized11 the car’s impact on the social environment. There are comprehensive works on the evolution of highway traffic regulations12 and the development of U.S. transportation policy.13 There are books on auto-makers and the labor process,13 the United Auto Workers,14 General Motors’s

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9 See, for example, John Keats, The Insolent Chariots (Philadelphia: J. B. Lippincott, 1958).
12 See, for example, Edward Fisher and Robert Reeder, Vehicle Traffic Laws (Evanston: Traffic Institute, Northwestern University, 1974).
15 See, for example, Nelson Lichtenstein, The Most Dangerous Man in Detroit: Walter Reuther and the Fate of American Labor (New York: Basic Books, 1995); Martin
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(GM’s) contribution to modern corporate structure,15 and a number of works about the personalities who have been involved with the Ford Motor Company.16 There are works that examine the internal corporate decision-making process17 and those that trace the development of particular models.18 Other works have focused on local community efforts to shape plant location decisions,19 the consequences of plant shutdowns for the workers and communities displaced,20 the impact of new assembly plants on previously rural communities,21 and the opening of Japanese-owned plants in the United States.22 In a less academic vein, car enthusiasts have a number of their own magazines, such as Road and Track, Motor Trend, and Car and Driver, whose combined


13 See, for example, Peter Drucker; Alfred Sloan, My Years with General Motors (New York: Anchor Books, 1972); Alfred D. Chandler, Strategy and Structure (Cambridge: MIT Press, 1962), chapter 3.


16 See, for example, Mary Walton, Car: A Drama of the American Workplace (New York: Norton, 1997); Brock Yates, The Critical Path: Inventing an Automobile and Reinventing a Corporation (Boston: Little, Brown, 1996).

17 See, for example, Bryan Jones et al., The Sustaining Hand (Lawrence: University Press of Kansas, 1986).


19 See, for example, Joe Sherman, In the Rings of Saturn (New York: Oxford University Press, 1994).

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circulation is in the millions. Fictional works have placed cars and highways at the center of a romantic culture of the road, as well as using them as symbols of the alienation of modern society. Yet, amidst this automania, political scientists have largely neglected the study of government policy directly affecting the nation’s largest industry and have made few attempts to assess the industry’s political power.

Impact of the Automobile

To begin to outline the significance of the auto industry, it is essential to sketch a few of its impacts on American society, including some historical background on its rise to prominence. It is difficult to overestimate the importance of the industry because, as Peter Drucker noted, “The automotive industry . . . is to the twentieth century what the Lancashire cotton mills were to the early nineteenth century: the industry of industries.” Alongside the railroad and steam engine, cars, Baran and Sweezy wrote, are one of the epoch-making inventions of modern times, which “shake up the entire pattern of the economy and hence create vast investment outlets in addition to the capital which they directly absorb.” Throughout their history, automobile companies have been instrumental in shaping changes in the labor process, corporate structure, labor relations, and consumer spending patterns. For decades, mass production industries modeled themselves after the auto industry, and in the post–World War II era the industry’s management–labor relations set a standard for the rest of the nation. Automotive companies have long been among the largest of all corporations. On a worldwide basis, the industry is the largest manufacturer and GM is the largest corporation. American producers dominated world auto production for most of the twentieth century, from before World War I until 1980, when Japanese automakers took the lead. (American producers regained that distinction in 1994.) The industry has been the largest in the nation since the early 1920s.

Sitting at the center of the American economy, the automobile industry exerts enormous influence on economic events at home and abroad. A 1981 Department of Transportation report summed up the importance of the industry.

Because of its scale and reach, the auto industry has played a central role in the definition and accomplishment of our broadest national goals: work for Americans;


24 Drucker, p. 176.


energy security; and, perhaps most important, national security. In the future direction of this industry, then, will lie critical answers about America at home and in the world: about the number and kinds of jobs for our people; about our strategic position in the world defined by our economic power; about our competitive position in an evolving international economy.27

And the industry continues to have a major impact on the American political economy. Accordingly, the Commerce Department observed in 1996 that "without question, a successful and growing automobile industry is critical to the overall strength of the U.S. economy."28 This point is all the more remarkable considering the growth of the service sector and "information revolution" that has transformed much of the economy in recent decades.

Typical histories of the automobile in America emphasize mass production and the rapidly widespread ownership of cars. Comparisons are then drawn with European nations, where the auto long remained a luxury item. Yet, in its earliest years in this nation, the auto was the preserve of the wealthy. In fact, Woodrow Wilson wrote in 1906, "Nothing has spread socialistic feeling in this country more than the automobile" because it offered "a picture of the arrogation of wealth."29 Within a few years, however, cars were commonly available in the United States, and within a generation they were transforming both the economy and the society. "Without the new automobile industry," the historian William Leuchtenburg has argued, "the prosperity of the Roaring Twenties would scarcely have been possible." In less than thirty years, car production went from 4,000 (1900) to 4,800,000 (1929).30 And as early as 1929, sociologists Robert and Helen Lynd recognized that cars were having a profound impact on social relations and cultural practices. According to their work Middletown, a pathbreaking community study of a typical U.S. city of the day, one working-class wife told the Lynds: "We’d rather do without clothing than give up the car." Another said: "I’ll go without food before I’ll see us give up the car." A teenage boy, when asked in Sunday school to name a temptation we have today that Jesus did not have, responded: "Speed!"31

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There are currently more than 200 million motor vehicles in the United States; cars comprise approximately three-quarters of this total. More than half of American households own two or more cars, and overall there are 1.77 vehicles for every household in the country. Between 1969 and 1995 the vehicle population grew six times faster than the human population. In 1994, Americans drove their vehicles for a total of 2.4 trillion miles and collectively spent 8 billion hours stuck in traffic. Estimates of the cost of this quagmire range from $43 billion to $168 billion. Accommodating the ever-increasing car population has had an enormous impact on the physical landscape of America. One estimate suggests that “up to 10 percent of the arable land in the United States is taken up by the auto infrastructure.” Moreover, over half of the urban space in the United States is devoted to cars. In Los Angeles, the quintessential car city, this figure rises to two-thirds. How can this occur? Zoning regulations, designed for the car, separate residential, commercial, and industrial uses. As a consequence, the number of parking spaces continues to mushroom because social activities (shopping, eating out, going to work, recreation, etc.) are so widely separated that a car is required to get to the location of each activity; in Los Angeles it is estimated that there are eight parking spaces for every car.

Cars affect more than the constructed landscape. Motor vehicle production absorbs significant percentages of industrial and material output in the United States. In the mid-1990s the industry accounted for 77 percent of all U.S. rubber consumption, 60 percent of malleable iron, 40 percent of machine tools, 25 percent of glass, and 20 percent of semiconductors. Supplier and manufacturing activity was spread out over more than 4,000 plants in forty-eight states and the District of Columbia. In 1996, the Big Three (GM, Ford, and Chrysler) generated over $372 billion in revenue. Altogether the auto industry directly employs 800,000 people, with 30,000 dealer franchises employing another 900,000 people. Employment of those who are indirectly related to the industry reaches almost seven million. The industry also has an enormous impact on the media. In 1995, for example, the automakers spent over $10 billion on advertising, more than any other industry, product, or service in the nation. Each of the Big Three ranks among the top ten advertisers in the nation.

35 Kay, p. 121. 33 Freud and Martin, p. 19.
34 Freud and Martin, p. 19.
36 With the 1998 merger of Chrysler and Daimler-Benz, the “Big Three”—the long-time designation of the three largest U.S. firms—became a thing of the past.
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Death and Injury on the Road

Motor vehicles also affect public health and the environment. Over 3 million Americans have died in crashes, a number that is three times the combat deaths suffered by the United States in all wars since 1776; over 100 million have been injured. Motor vehicle crashes are the leading cause of death for those under thirty-five, and are the primary cause of quadriplegia and paraplegia. In 1994, there were 40,716 traffic fatalities, 5.2 million individuals were injured, and 27 million vehicles were damaged.38 Crashes are the second leading cause of hospitalized and nonhospitalized injury, and half of all injury deaths result from motor vehicle collisions, as do half of all brain injuries. Motor vehicle crashes are either the fourth or fifth leading cause of death in the United States, depending on how death categories are combined. Another way to depict these losses is to calculate the number of years of life lost before the age of sixty-five. Vehicle crashes account for the fourth leading number of years of life lost, 62 percent of years lost from injury, and more than twice the number of years lost than result from acquired immunodeficiency syndrome (AIDS).39 The economic costs of vehicle collisions parallel these human losses. In 1994, for example, the economic loss to society from motor vehicle crashes was estimated by the Department of Transportation at $150.5 billion. In addition, in 1993 the cost of automobile insurance was $110 billion.40 Needless to say, any recitation of these bare figures can never come close to capturing the impact of vehicle crashes because of the pain and suffering inflicted upon the victims and their families.

Autos and the Environment

The automobile has a tremendous impact on the environment. Cars are largely responsible for smog and toxic air pollutants, not to mention the nation’s increasing dependence on foreign oil. They are a major contributor to acid rain, which destroys forests, wildlife, and aquatic resources. The burning of gasoline is also a major contributor to global warming. Cars and light trucks account for about two-thirds of the carbon dioxide (CO₂) emissions that stem from transport sources and over 20 percent of overall CO₂ emissions. In addition, for each gallon of gasoline used, 19 pounds of CO₂ are produced. Over its lifetime, the average American car emits 57 tons of CO₂.

