

Terence Corcoran: The war on Toyota
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The United States is turning Toyota's recall into a massive national industrial advantage

By Terence Corcoran



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here can be little doubt that Toyota, the world's greatest automaker in recent years, has become the victim of much more than another typical out-of-control All-American media frenzy. When top-line political gamesman such as U.S. Transport Secretary Ray LaHood, Congressional pit bull Henry Waxman, and conniving United Auto Workers executives start piling on, this is clearly much bigger sport than the usual ritual public lynching of auto executives, a routine occurrence in Washington. The attack on Toyota, at this time of U.S. economic weakness and populist excess, is fast turning into a great American nationalist assault on a foreign corporation, an economic war.

The White House has denied any such motivation on the part of the United States. But that denial lacks credibility. While it may be technically true that President Obama's team didn't explicitly reach a decision to target Toyota, nobody in this crowd needs a presidential order to turn the Japanese auto giant's Sudden Unintended Acceleration (SUA) problem into a national industrial advantage for the United States. The owners of union-dominated Government Motors can spot a strategic economic opportunity without waiting for the memo from head office.

California Congressman Henry Waxman swung into action, using recent anecdotal reports of sudden acceleration as a pretext for extended assaults on Toyota and its management. The UAW has joined the project as part of its campaign against Toyota's closure of a unionized California plant.

Yesterday you could practically see the calculating wheels spinning under the hood of Mr. LaHood's cranium when the transportation secretary told a committee that Toyota owners should simply "stop driving" their Toyotas. He later claimed to have misspoken, but then said much the same thing. If Toyota drivers are worried, they can take their vehicles to a dealer where, as Mr. LaHood knows, there was nothing the dealer could do since it is expected to take weeks if not months for Toyota to "fix" the alleged cause of Toyota's alleged sudden acceleration problem.

Toyota shares continued their SUA plunge yesterday, ending just below \$74, down from recent highs of \$92. The company has lost \$23-billion in market capitalization since the crisis began.

At this stage, there is little hard data on whether Toyota actually has a sudden acceleration problem. The company is not helping matters with its apparent scrambling to come up with an

explanation and a “fix” for a phenomenon that has been cropping up in auto industry lore for decades. No maker is immune, but Toyota seems to have been caught in the latest run of reports. All of the reports are anecdotal accounts of out-of-control vehicles for reasons that nobody can ever adequately explain. The latest stories, including one of a Tennessee man who says his 2003 Camry suddenly jolted into a parking space, become instant media legends.

Of the millions of cars on the road, only a few hundred anecdotal reports exist, making it far more likely that other things are happening, including driver mistakes and even fluke occurrences that no amount of corporate fixing can avoid. Usually the stories fade and the auto companies move on, although Audi famously became victim of a SUA craze a couple of decades ago, losing massive market share even though no problem was ever identified beyond driver error.

Toyota’s experience looks like it could become even worse than Audi’s, mainly because bashing Toyota serves the national economic interest of the United States, U.S. auto makers, union leaders and others whose economic ideas tend toward nationalism. U.S. jobs for U.S. workers employed by U.S. companies.

Is the media involved? The extent of exaggeration surrounding Toyota’s problem may be just a little larger than the usual media frenzy. In a typical over-the-top anti-Toyota item, famed author James B. Stewart yesterday told *Wall Street Journal* readers to “avoid — or sell — Toyota Motor shares.” His reason is that Toyota may have misrepresented the cause of a now notorious crash of a Toyota Lexus ES-350 in San Diego last August. Toyota said the Lexus crash, in which four occupants were killed following a frantic 911 call, was due to a faulty floor mat.

The official accident report by the U.S. National Highway Traffic Safety Administration makes clear that the floor mat is the likely culprit and Toyota may not quite be responsible. The mat in the Lexus was “not secured” properly, and it was also the wrong mat for that Lexus model. There also appeared to be no notable issues with the accelerator pedal itself. (See excerpt of the report below).

Another newspaper treatment of the Lexus event, in *The New York Times*, also treated the San Diego crash as a function of a Toyota acceleration problem that has more causes than a poorly maintained and wrongly installed floor mat. So far, however, nobody has proven this to be true. Even less clear is how the fix Toyota has announced — involving a new part for the accelerator pedal — is even related to the problem. Was Toyota panicked into doing something — anything — when faced with a looming full-bore economic attack from the United States Economic Marines, with the media imbedded as part of the crusade?

Excerpt from the U.S. Department of Transportation National Highway Traffic Safety Administration report on the crash and site inspection of a Toyota Lexus on Aug. 28, 2009, near San Diego, California.

Report: Vehicle and Crash Site Inspection of 2009 Lexus ES-350, VINJTHBJ46G792282025

From: Bill Collins, Investigator and Interviewer, Engineer, Vehicle Research and Test Center

Date of Inspection: 09/03/2009

Vehicle condition at time of inspection: Catastrophic damage caused by severe frontal impact, roof impact, side impact, & fire damage. The driver's seat buckle was observed in a closed, connection condition.

Narrative: All four occupants were killed at 6:38PM on August 28th, 2009 at the T-intersection of Highway 125 and Mission Gorge Road in Santee, California. The vehicle was a loaned Lexus ES-350 traveling at a very high rate of speed that failed to stop at the end of Highway 125...

Cause of crash: Very excessive speed. According to the 911 call made by the brother-in-law sitting in the back seat of the Lexus, the accelerator pedal was depressed in a full power condition and attempts by the driver to release the pedal were unsuccessful.

Other significant factors:

Accelerator Pedal — The pedal is made from a composite plastic that forms a rigid, one-piece lever. Beyond the main pivot, the lever is not hinged and has no means for relieving forces caused by interferences. Upon removing the pedal from the vehicle, the rotating motion of the pedal assembly was confirmed to still be operational. The return spring action was smooth and unencumbered.

Upon inspection of the crashed vehicle, it was found that an all-weather floor mat bearing the Lexus insignia was present in the driver's foot well vehicle with very minor fire damage. The mat was not secured by either of the two retaining clips. The right clip was installed into the grommet of the carpeting but not installed into the mat. The left clip was found under the middle of mat but was not clipped to either the carpet or the rubber mat. Removal of the mat was difficult because the bottom edge of the accelerator pedal had melted to the upper right corner of the mat. Further inspection of the mat revealed that while it was a Lexus brand mat, it was not the correct application for the vehicle ...