

ASSEMBLY LABOR, EMPLOYMENT, AND CONSUMER AFFAIRS COMMITTEE

HEARING ON

# CONSUMER PROTECTION IN THE SALE OF NEW AND USED CARS

San Diego, California  
December 14-15, 1979



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We're still feeling our way along. We probably have some way to go in terms of getting better public awareness of the Board. We're trying that through advertising and appearances at meetings like this and whatever publicity we can generate through the media. But we think we have a very viable solution to our problem. Nationally, there have been over 11,000 cases sent to the Board meetings, and only one customer, when the Board was done dealing with it, elected to take it any further. Remember, it's binding on us and the dealer, but not on the customer. If the customer feels that the decision was unfair, he's absolutely free to go to litigation or small claims court or anywhere else. One out of over 11,000 people that have come to us have actually taken that step.

ASSEMBLYWOMAN TANNER: Sounds like a really good program.

ASSEMBLYMAN ELLIS: Does Ford Motor Company believe that there is anything such thing as a lemon? We'll use the word "lemon" for want of a better one. Do you think that there's any such thing as a lemon?

MR. BONNEL: I can't speak for Ford Motor Company because I'm not sure the company has a mind to think, but as an individual working for Ford Motor Company with quite a bit of experience in the area of customer relations, I would say yes, we do build lemons. Is that all you wanted?

ASSEMBLYMAN ELLIS: Okay.

MR. BONNEL: Let me say one other thing, I thought you were going to proceed a little bit. We do build lemons and if you have a problem with whether we live up to the responsibility of correcting the problem or purchasing the vehicle back or replacing the vehicle, the answer to that is "yes", too. I'd like to give a little testimony on the subject of how frequently someone should have to come back. It's very easy for a bunch of people who don't understand an automobile to get a specific number of times, if you think you understand an automobile and you haven't raised the hood lately, go raise the hood and take a good look. I understand that a lot of that technology has been placed in there on a crash basis by a very concerned automobile industry trying to respond to the needs of the American people and to the requirements of federal legislation. But the fact of the matter is, I don't see how you can say that three times is enough. There are times when you could say that three visits would be two too many, and there are times when 30 visits might be required to solve the problem. I'm talking about the complicated electronics where there are intermittent failures. A car may run fine for 2,000 miles, or 2,500 miles, or 4,000 miles, and then fails again. You have to understand the complications. It's simple if you don't understand the problem. The danger in regulation or legislation is providing an answer before you

understand the question, and so I'd be very careful before saying three times is enough. There are instances where I would say three times is probably adequate and there are other times when I would say 30 times may be required for us to live up to our responsibility. I don't want any of you in this room to believe that my manufacturer or anybody else that I'm aware of in our industry, is not willing to live up to our responsibilities. If we were, we'd be hiding from a hearing like this. But we're not. We're trying desperately. You have to understand that this is a world of imperfection. Perfection is a goal, but not yet a reality. We do make problem cars, and of course we build lemons. ←

I was kind of amused earlier in part of the testimony, one of the questions was, "Do you say that some cars are not quite as good as others?" Of course. No one should hesitate to answer like that. Of course that's true, but there is a minimum standard that every car must meet for us to remain a viable automobile company. We can't sell crummy products or we'd be out of business.

ASSEMBLYMAN FELANDO: That was my question. Why do we build such lousy cars to begin with?

MR. BONNEL: Why do we build such lousy cars to begin with? Because people are not perfect and systems are not perfect, and there are regulations that make it very difficult.

ASSEMBLYMAN FELANDO: I would like to see some figures, and I asked the question this morning from the Department of Consumer Affairs and they couldn't give me an answer, on what the percentage of U.S.-made cars and foreign-made cars end up in the shop.

MR. BONNEL: I can't answer that.

ASSEMBLYMAN FELANDO: You can't answer that either.

MR. BONNEL: No, I don't know how anybody can, but I think there's an assumption that foreign cars require less service. Is that what you're driving at?

ASSEMBLYMAN FELANDO: Yes, and I can't get any figures from anybody because they don't keep them. It really blows my mind to think that we have a Department of Consumer Affairs in this state and they don't have those figures available. That's ridiculous.

ASSEMBLYMAN HARRIS: I think our concern, though, is not simply to be critical, not just be dealing in terms of just negative criticism. I think we are all concerned about jobs, and the automobile industry is obviously one of the major employers in the country. We're seeing problems now with Chrysler. I don't know whether that's a result of government regulation or because of the fact that people aren't buying enough Chryslers for them to make the profit or to break even at this point. I think we're