



Written by [James Heiser](#) on March 7, 2011

## Chevy Volt: Is It the Electric Edsel?

Sales of the Volt appear bleak, and seem to be falling. According to [GM's sales figures](#) for February, the Volt accounted for a mere 281 of the 142,919 Chevrolets sold that month; when considering total sales for 2011, the sale of 602 Volts accounts for approximately one-fifth of one percent of the 268,308 Chevrolets sold. (During the same time period, Nissan has sold a [stunning 173](#) of its new Leaf.)



[According to Steve Rattner](#), who [helped coordinate](#) the White House's restructuring of General Motors and Chrysler, each Volt costs approximately \$40,000 to manufacture. With a "sticker price" not far removed from the purported manufacturing costs — and that, presumably, does not include the cost of research and development — the electric car would appear unlikely to succeed, unless the federal government decides to "short out" the natural functioning of the free market.

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In his recent State of the Union speech, President Obama declared that his goal of pushing one million Americans behind the steering wheels of electric cars will require the same solution he proposes for every problem: lots of federal cash. [In Obama's words](#):

With more research and incentives, we can break our dependence on oil with biofuels, and become the first country to have a million electric vehicles on the road by 2015.

We need to get behind this innovation. And to help pay for it, I'm asking Congress to eliminate the billions in taxpayer dollars we currently give to oil companies. [Applause.] I don't know if — I don't know if you've noticed, but they're doing just fine on their own. [Laughter.] So instead of subsidizing yesterday's energy, let's invest in tomorrow's.

Subsidizing *any* sector of the energy industry with the taxes of the American people is unconstitutional and reckless, given the insane current levels of deficit spending. But the amount of money the administration is lavishing on consumers wealthy enough to afford to drive an electric car belies Obama's usual class warfare rhetoric. The poor, after all, are not the target market for a \$40,000 vehicle — even with a \$7,500 tax credit.

A [recent Scientific American article](#) highlighted the fact that, without massive government subsidies, Obama's drive for electric cars will fail because the American people are unwilling to endure the "sticker shock" that necessarily comes with purchasing such a vehicle:



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Of course, the Obama administration realizes that attaining such a goal will be impossible without help from the federal government. To that end, consumers and businesses can get tax credits worth up to \$7,500 on the purchase of each new electric vehicle (EV). The feds have also committed \$2.4 billion for research and development into improving EV batteries, and another \$115 million for the installation of EV charging infrastructure in 16 different metro areas around the country — not to mention some \$300 million in clean cities grants to dozens of American communities working to reduce petroleum use, and the \$25 billion being doled out to help U.S. automakers retool. So much federal involvement has helped spur state governments and private industry to make significant investments in the EV sector as well.

Thus far, advertising, presidential posturing, and massive tax credits have not convinced the people who actually do the driving — and make the car payments — that the Volt and the Leaf are what they are looking for in a new car. Proposing the use of as much as \$7.5 billion to subsidize purchasing 1,000,000 electric cars (not to mention the rest of the federal largesse connected with this costly experiment) simply seems one more reason to take the keys away from the politicians who are currently driving this nation's energy policy.

Photo of Chevy Volt: AP Images



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