

PRO/CON: Should the government subsidize electric cars?

By McClatchy-Tribune, adapted by Newsela staff on 01.09.14

Word Count **1,455**

Level **1180L**



Angie Vorhies plugs in the charging cord to her Nissan Leaf electric vehicle at a mall on Nov. 13, 2013, in San Diego. Photo: AP Photo/Lenny Ignelzi.

PRO: Don't pull the plug on electric cars

BLOOMINGTON, Ind. — It would be very unwise to "pull the plug" on electric-car subsidies at this time. The government money helps support the car industry and make up for tough regulations that are already hurting it. Without the subsidies, car makers would lose money on electric vehicles.

One of the few bright spots in the current American economy, a thriving auto industry, would be thrown into turmoil.

The regulations present a huge challenge to automakers: between now and 2025 the average fuel economy of a new car or small truck must increase from less than 30 miles per gallon (mpg) to more than 50 mpg. At the same time, the share of "zero emission vehicles" — mostly electrics — must rise in California and nine other states. They must go from less than 1 percent of cars available in those states now, to 15 percent of new vehicles available.

These regulations were adopted with excellent goals: reducing the amount of oil we need to get from other countries, and thereby enhancing the security of the U.S. economy; and improving the environment by reducing smog and the greenhouse gases linked to [climate change](#).

No U-Turn

One can argue that these policies are overly demanding or unrealistic, but they are not scheduled to be looked at again by the federal government until 2017.

To help with the challenge imposed on industry, the federal government and the states give generous subsidies to help the electric vehicle industry grow. The battery makers, car manufacturers, recharging companies and consumers all receive financial help.

That is why, given the long time it takes to launch a new electric vehicle industry, this is the wrong time to do a policy U-turn. Although, the temptation to do so is understandable.

Critics argue correctly that President Obama's national goal of one million plug-in vehicles by 2015 was overly optimistic and will not be accomplished. However, the rate of sales of plug-in vehicles from 2010 to 2013 is accelerating rapidly.

From 2010 to 2013 the growth rate of plug-in vehicles has already exceeded the growth in sales of conventional hybrids — sales are even growing faster than the Toyota Prius did when they were first introduced from 2000 to 2003.

In the next few years, much can be learned from the experience of Oslo, Norway, where plug-in vehicles are already becoming the preferred choice of many consumers.

The Next Generation

It is true that the first generation of plug-in vehicles, including the Chevrolet Volt, the Nissan Leaf and the Tesla sports car, do not meet the transport needs of most American motorists. They are too expensive and don't go far enough before they have to be plugged in to recharge.

However, the hard work that began four years ago has paid off. The second generation of plug-in vehicles is about to hit vehicle showrooms, as every automaker from Toyota to Volkswagen will be offering some form of plug-in vehicle.

The industry has entered a healthy phase of competition where each automaker is striving to offer the plug-in vehicle with the best combination of features. They're trying to build cars that go a long distance on a single charge, recharge quickly when they're plugged in, drive well, and are cheaper than older models.

The subsidies that exist can help demonstrate whether this promising new technology will work out. Electric cars could prove to be a breakthrough for all the auto-related businesses in the U.S. economy.

In the long run, the electric vehicle must win its place in the marketplace without government help. Indeed, electric vehicles should someday be taxed to help pay for road maintenance and repairs just as owners of gasoline-powered vehicles now pay a tax on gasoline.

But the right time to reconsider tax policy and subsidies is 2017 — at the same time that the federal environmental regulations for automakers are going to be refined.

ABOUT THE WRITER John Graham is dean of the Indiana University School of Public and Environmental Affairs and served as administrator of the OMB Office of Information and Regulatory Affairs from 2001 to 2006. This essay is available to McClatchy-Tribune News Service subscribers. McClatchy-Tribune did not subsidize the writing of this column; the opinions are those of the writer and do not necessarily represent the views of McClatchy-Tribune or Newsela. This op-ed was adapted by Newsela.

CON: Pull the plug on federal subsidies

WASHINGTON — If government actually could require that we come up with new technology to solve problems, we could all fill up our cars with garden hoses.

But even Washington can't turn water into gas and that's why federal subsidies — money given by the government to help promote something, like technological breakthroughs — are a waste. Federal money for electric cars is a big example of government money used in the wrong way.

What we drive says a lot about us.

What an electric car says about its owners is that they either don't have children or they have no hope of ever having any.

Not A Family Car

Electric cars simply don't provide families with the right combination of price, size and range for their needs.

Children are very expensive, with the average cost of raising a child the first 18 years now over \$240,000. Add college tuition to that and the cost of each child can easily exceed \$340,000.

At the same time, the higher one's income — and the more likely one can afford higher-cost electric cars — the less likely one is to have children. The bottom fifth of wage-earners are nearly 50 percent more likely to have children than the top fifth.

Electric cars don't deliver the value families need. The Congressional Budget Office (CBO) looks into how the government spends money. According to the CBO, the lifetime cost of an all-electric car or hybrid plug-in car is \$12,000 more than a traditional hybrid or conventional gas-powered vehicle. Like plug-in hybrids, traditional hybrids run on both gas and batteries but can't be plugged in to charge. Instead, their batteries get charged when the car's wheels move.

The current maximum federal subsidy that people get for buying electric cars is \$7,500. So, subsidies would have to be at least 60 percent higher than that to overcome the \$4,500 difference in cost.

But no amount of federal action can resolve several other big problems.

—These cars are built too small as space gets sacrificed for technological needs and to minimize vehicle weight to extend the range.

—The typical all-electric car can't go more than 100 miles before needing to be recharged.

—Charges can take hours and leave one open to the increasingly unreliable power grid.

Electric-gas hybrid cars — which run on gas and electric batteries — are a better alternative, but are still expensive and not very spacious.

Environmental Benefits Minimal

Range is a huge issue for families. J.D. Power and Associates, which surveys people about their satisfaction with products, notes that electric cars are best for "drivers with predictable, unwavering daily driving requirements."

Kids' schedules are many things, but reliable isn't one of them. As anyone who has children can confirm, kids have unscheduled band, choir, soccer, football, and dance practices. They occasionally get sick and need to be taken home. They even, from time to time, get detention and must stay late at school.

The \$7.5 billion the government is spending over 10 years to promote electric cars will accomplish only one thing: Propping up a product that only a few people will buy.

J.D. Power says electric car owners see "environmental friendliness as the most important benefit" of such cars, but even here, electric vehicles fail.

A Journal of Industrial Ecology report found that manufacturing electric vehicles produces over double the carbon dioxide emissions of building traditional gas-powered automobiles. These gasses are believed to cause climate change, which can hurt the environment.

Furthermore, electric vehicles are charged with electricity generated from burning environmentally unfriendly fuels. And they require batteries containing toxic chemicals. Environmental benefits are minimal at best.

It was 116 years ago that the first commercially-available electric car went on the market and electric cars have been running on empty promises ever since. When it comes to federal subsidies, it's time to pull the plug.

ABOUT THE WRITER David A. Ridenour is president of the National Center for Public Policy Research, a conservative think-tank. This essay is available to McClatchy-Tribune News Service subscribers. McClatchy-Tribune did not subsidize the writing of this column; the opinions are those of the writer and do not necessarily represent the views of McClatchy-Tribune or Newsela. This op-ed was adapted by Newsela.