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## GM's vaunted Volt is on the road to nowhere fast

By [Editorial Board](#), Published: September 12, 2012

AS A CANDIDATE for president in 2008, Barack Obama set a goal of getting 1 million all-electric and plug-in hybrid vehicles on the road by 2015. In February 2011, the Obama administration's Energy Department issued an [analysis](#) purporting to show that, with the help of subsidies and tax credits, "the goal is achievable." This was a paltry claim in the first place, since 1 million cars amount to less than 1 percent of the total U.S. fleet. Yet it is increasingly clear that, despite the commitment of many millions of taxpayer dollars, the United States will not hit Mr. Obama's target by 2015. A recent CBS News [analysis](#) suggested that we'll be lucky to get a third of the way there.

The Energy Department study assumed that General Motors would produce 120,000 plug-in hybrid Volts in 2012. GM never came close to that and recently [suspended Volt production](#) at its Hamtramck, Mich., plant, scene of a presidential photo-op. So far, GM has sold a little more than 21,000 Volts, even with the help of a \$7,500 tax credit, recent dealer discounting and U.S. government purchases. When you factor in the \$1.2 billion cost of developing the Volt, GM loses tens of thousands of dollars on each model.

Some such losses are normal in the early phases of a product's life cycle. Perhaps the knowledge and technological advances GM has reaped from developing the Volt will help the company over the long term. But this is cold comfort for the taxpayers who still own more than a quarter of the firm.

The Energy Department predicted that Nissan, recipient of a \$1.5 billion government-guaranteed loan, would build 25,000 of its all-electric Leaf this year; that car has sold only 14,000 units in the United States.

As these companies flail, they are taking the much-ballyhooed U.S. advanced-battery industry down with them. A Chinese company had to buy out distressed A123, to which the Energy Department has committed \$263 million in production aid and research money. Ener1, which ran through \$55 million of a \$118 million federal grant before going bankrupt, sold out to a Russian tycoon.

No matter how you slice it, the American taxpayer has gotten precious little for the administration's investment in battery-powered vehicles, in terms of permanent jobs or lower carbon dioxide emissions. There is no market, or not much of one, for vehicles that are less convenient and cost thousands of dollars more than similar-sized gas-powered alternatives — but do not save enough fuel to compensate. The basic theory of the Obama push for electric vehicles — if you build them, customers will come — was a myth. And an expensive one, at that.

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