

Power Line Blog: John Hinderaker, Scott Johnson, Paul Mirengoff

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THE CAR FROM ATLAS SHRUGGED MOTORS

March 17, 2011 Posted by Scott at 8:04 AM

Patrick Michaels is a senior fellow in environmental studies at the Cato Institute and the editor of the forthcoming *Climate Coup: Global Warming's Invasion of our Government and our Lives*, as well as the author of [several other books](#) on the global warming scare. His [Forbes column](#) on the Chevy Volt is a case study in the nexus between big government corruption and big business rent-seeking.

Michaels briefly recaps the well-known consumer fraud in which GM has touted the Volt as an all-electric mass production vehicle on the supposed basis of which its sales receive a \$7,500 taxpayer subsidy, which still renders it overpriced and unmarketable. Michaels notes that "sales are anemic: 326 in December, 321 in January, and 281 in February." There seems to be a trend here.

Michaels adds that GM has announced a production run of 100,000 in the first two years and asks what appears to be a rhetorical question: "Who is going to buy all these cars?"

But wait! Keep hope alive! There is a positive answer to the question. Jeffrey Immelt's GE will buy a boatload of those uneconomic GM cars. Here the case study opens onto the inevitable political angle:

Recently, President Obama selected General Electric CEO Jeffrey Immelt to chair his Economic Advisory Board. GE is awash in windmills waiting to be subsidized so they can provide unreliable, expensive power.

Consequently, and soon after his appointment, Immelt announced that GE will buy 50,000 Volts in the next two years, or half the total produced. Assuming the corporation qualifies for the same tax credit, we (you and me) just shelled out \$375,000,000 to a company to buy cars that no one else wants so that GM will not tank and produce even more cars that no one wants. And this guy is the chair of Obama's Economic Advisory Board?

But of course.

Michaels includes this hilarious detail in his case study:


In a telling attempt to preserve battery power, the heater is exceedingly weak. Consumer Reports averaged a paltry 25 miles of electric-only running, in part because it was testing in cold Connecticut. (My [GM] engineer at the Auto Show said cold weather would have little effect.)

It will be interesting to see what the range is on a hot, traffic-jammed summer day, when

the air conditioner will really tax the batteries. When the gas engine came on, Consumer Reports got about 30 miles to the gallon of premium fuel; which, in terms of additional cost of high-test gas, drives the effective mileage closer to 27 mpg. A conventional Honda Accord, which seats 5 (instead of the Volt's 4), gets 34 mpg on the highway, and costs less than half of what CR paid, even with the tax break.

The story of the GM Volt deserves a place in the Harvard Business School curriculum. it is a classic tale of the Age of Obama.

Via [RealClearMarkets](#).





John Murphy

Didn't I just read a couple of weeks back about GM investing in "Green Energy" ... seems to me like it had to do with GE's windmills... this stinks to high heaven of a taxpayer-money laundering scheme.

Chevrolet Invests in Clean Energy Projects Across America.

http://media.gm.com/content/media/us/en/news/news_detail.html/content/Pages/news/us/en/2010/Nov/1118_energy

Chevy to spend \$40 million on carbon offsets next three years.

<http://hotair.com/archives/2011/02/23/chevy-to-spend-40-million-on-carbon-offsets-next-three-years/>

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