



Updated: Thu., Jan. 12, 2012, 3:22 AM

GM's flop in green

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Last Updated: 3:22 AM, January 12, 2012

Posted: 11:15 PM, January 11, 2012

At the Detroit Auto Show this week, CEO Dan Akerson admitted that General Motors may have to cut back production of the Chevrolet Volt because the 4,600-plus Volts on the market now are about three times the monthly sales. Other figures put the GM hybrid car's inventory at an outrageous 120-plus days.

By most accounts, "Government Motors" has stuck with the Volt mainly to please the Obama administration, which still owns a third of its stock in the wake of the 2009 government "rescue" of the company. But just how badly is the effort faring? Well, consider the 1,529 sold in December.

More than a third of those were fleet sales to corporations. None of these were the traditional large-fleet purchasers, i.e. Hertz, Avis and the other big rental companies. They were more like Verizon and General Electric — with GE having committed to buying 12,000 and having already purchased unspecified "hundreds," with continued "daily" deliveries, as The Wall Street Journal reported recently.

Then there are the direct taxpayer buys. Fifty to New York City. The city of Deland, Fla., brags about buying five with an Energy Department grant. The federal General Services Administration has bought 101 so far, but President Obama has ordered it to procure only hybrid or high-mileage vehicles by 2015. (The taxpayers buy about 60,000 cars a year for GSA.)

Anyway, until GM is transparent and forthcoming about how many (or how few) Volts are selling to private individuals, we aren't going to know. But several ominous signs suggest that the Volt's long-term viability may be a risky proposition.

Taxpayers are rightly grumpy about ponying up a \$7,500-per-car subsidy on a car that is generally priced around \$44,500 (the median for the 4,612 Volts on cars.com). People who will spend nearly \$40K for a small four-passenger car don't need a subsidy. (Nor, for that matter, do folks who buy a \$100,000 Tesla.)

Worldwide, subsidies for all kinds of green energy are being cut — resulting in a true sectoral depression. Solar-energy stocks are down 90 percent. The gigantic wind company Vestas may be acquired or worse.

The Volt will meet a similar fate if the subsidy ends. The chances of that happening are about the same as those of electing a Republican Senate and president: significant.

Then there's the competition, which starts in earnest this year. The extended-range Prius, which will be on the market in months, will go out the door for about \$35,000 (minus a \$2,500 subsidy) — bringing the net cost to about \$5,500 less than the Volt. Nissan's Leaf, Ford's hybrid and Hyundai's product (said to undercut the Prius price) will all be in this small market by the end of the year. Which, if any, will endure?

Then there's the half-billion dollars the feds have sunk into the Fisker Karma. At \$95,000, who's really going to buy something that gets a lousy 20mpg once the battery finks out after around 30 miles?

The added cost for a plug-in rather than a conventional model varies from about \$14,000 (Toyota Prius vs. Corolla) to \$20,000 (Volt vs. Cruze Eco) and on up to the Fisker and Tesla. And the internal-combustion engine is being improved dramatically at far less cost. The Cruze is much cheaper to run than the Volt, once the latter is on its premium-fuel-powered gas engine. (Don't want to use the Volt's gas engine? Stay within 15 miles of home.)

Which is why plug-in hybrids won't sell. Why prolong the agony? Kill the car now. It's not cost-effective, and it's irritating taxpayers in an election year. Much has been learned in its development, including a little economics and the folly of subsidies.

Taxpayers and corporations can't prop up this flop forever. GM management should end the misery before being told off by the voters, the markets and its own technology.

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