

# PRO/CON: Are federal subsidies for electric cars worth it?

By McClatchy-Tribune, adapted by Newsela staff on 01.08.14

Word Count **1,475**



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: Subsidies helping a young industry

BLOOMINGTON, Ind. — It would be very unwise to “pull the plug” on electric-car subsidies right now. The industry needs the support. The subsidies are money given by the government to help the auto industry make electric cars and offer discounts for people to buy them.

If they went away, car companies would be forced to sell electric vehicles at huge losses of money. The thriving auto industry is one of the few bright spots for business in the U.S. It would be thrown into disarray.

The subsidies help make up for tough regulations the government put in place.

Those regulations are a huge challenge to automakers. Between now and 2025, the distance cars go on a gallon of gas must improve. New vehicles must increase from less than 30 miles per gallon (mpg) to more than 50 mpg.

## **Automakers Need Time**

At the same time, the share of “zero emission vehicles” — which are mostly electric cars that burn no gas — must rise. In California and nine other states, they make up less than 1 percent of cars. They must increase that to 15 percent of new vehicles being offered.

These regulations were made for excellent reasons. Reducing the need for the U.S. to buy oil from other countries would make for more stable business conditions. If things go bad in another part of the world it could be hard to get oil.

The regulations were also meant to improve the environment by reducing smog and greenhouse gases. When cars burn gases it may increase the earth's temperature and cause [climate change \(https://www.newsela.com/?tag=global warming\)](https://www.newsela.com/?tag=global+warming).

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

To help with the serious challenge imposed on business, the federal government and the states gave generous subsidies for the new electric vehicle industry to grow. The battery makers, car manufacturers, and electric car buyers all receive help.

And since it takes a long time to launch a new electric vehicle industry, this is the wrong time to make any big changes. But, the temptation to do so is understandable.

Critics are right that President Obama's goal of one million plug-in vehicles by 2015 was too hopeful. It won't happen in time. However, the rate of sales of plug-in vehicles from 2010 to 2013 is growing rapidly.

The growth rate of plug-in vehicles has already beaten the growth in sales of traditional hybrids, which run on gas and batteries. Sales are even growing faster than those of the Toyota Prius when they were first introduced. The Prius was the first hybrid.

## **More Plug-In Cars Coming**

In the next few years, much can be learned from the experience of Oslo, Norway. In that European city, many people are choosing plug-in vehicles over gas-powered ones.

It is true that the first generation of plug-in vehicles do not meet the needs of most Americans. They're too expensive. The Chevrolet Volt, the Nissan Leaf and the Tesla sports car are some of the most popular plug-in cars.

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. Every automaker from Toyota to Volkswagen will be offering some form of plug-in vehicle.

The industry has entered a healthy phase of competition. Each automaker is trying to offer plug-in vehicles that can go far on a charge, recharge quickly, perform well, and not cost too much.

The subsidies that now exist are important to see if this promising new technology will work out. Electric cars could prove to be a breakthrough that would help all the auto businesses in the U.S.

In the long run, the electric vehicle must survive without any government subsidy. Indeed, electric vehicles should someday be taxed to help pay for keeping roads in good shape. Owners of gasoline-powered vehicles now pay a tax on gas.

But the right time to look at tax policy and subsidies is 2017, when the government plans to reconsider its environmental rules for automobiles.

---

*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: Subsidies for electric cars should end**

WASHINGTON — If government could make us invent perfect solutions to problems, we could all fill up our cars from the garden hose.

But even Washington can't turn water into gas and that's why federal subsidies — money given by the government to nudge people into doing something — are a waste. Federal money for electric cars is a big example.

What we drive says a lot about us.

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

## **Too Expensive For Families**

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

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

At the same time, the higher one's income, the less likely one is to have children. And well-off people are the most likely to be able to afford higher-cost electric cars. So, they may not need the subsidy. 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 it, the lifetime cost of an electric car or plug-in hybrid car is \$12,000 more than a gas-powered car or regular hybrid, which doesn't get plugged in. Hybrid cars run on gas and electric batteries. Some can be plugged in to charge, like an electric car. Traditional hybrids can't be plugged in, and their batteries get charged when the car's wheels move.

The top federal subsidy the government gives to people who buy electric cars is \$7,500. So, subsidies would have to be at least 60 percent higher to overcome the \$4,500 difference in cost.

But no amount of federal action can resolve other problems.

—These cars are too small. Space is sacrificed for technological needs and to minimize vehicle weight. Lighter cars can go for longer distances before needing to be recharged.

—The typical all-electric car has an under 100-mile range between charges.

—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.

## **Running On Empty Promises**

The distance a car can go on a charge is a huge issue for families. J.D. Power and Associates, a firm that surveys people about how they use products, notes that electric cars are best for “drivers with predictable, unwavering daily driving.”

Kids' schedules are many things, but reliable isn't one of them. As anyone who has children will say, 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, must stay late at school.

The \$7.5 billion we'll spend over 10 years promoting 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 gas of building traditional gas automobiles. Burning gasses like carbon dioxide are believed to cause climate change, which can hurt the environment. In addition, electric vehicles are charged with electricity from burning oil and other fuels. Electric car batteries also contain toxic chemicals.

It was 116 years ago that the first commercially-available electric car went on the market.

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.*

## Quiz

- 1 What evidence is the LEAST relevant in the CON article?
- (A) information on the lifetime cost of an electric car
  - (B) information on how far an electric car can go between charges
  - (C) information about the cost of raising a child who attends college
  - (D) information on the subsidies the government provides for people who buy electric cars
- 2 What evidence is the LEAST relevant to the PRO author's argument?
- (A) the brand names of the most popular plug-in vehicles
  - (B) statistics on the growth of electric cars as compared to the growth of hybrid cars
  - (C) information on the new environmental policies put in place by President Obama
  - (D) information about how electric cars would reduce the need to buy gas from other countries
- 3 How would the CON author respond to the following claim by the PRO author?
- "Each automaker is trying to offer plug-in vehicles that can go far on a charge, recharge quickly, perform well, and not cost too much."*
- (A) He would agree and note that once these changes are made, plug-in vehicles will be great for families.
  - (B) He would argue that while companies are trying to make their cars more efficient, the cars will always be too expensive.
  - (C) He would argue that the people who make electric cars do not have children and therefore don't know how to build a car suited to parents' needs.
  - (D) He would agree, but add that the cars are made for a specific population and no amount of federal aid could fix their problems – such as them being too small for a family car.

4 How would the PRO author respond to the following claim by the CON author?

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

- (A) He would disagree with him about price, but agree that the cars are too small for most families.
- (B) He would agree with him, but add that lower-priced car companies like Toyota and Volkswagon would soon make electric cars.
- (C) He would disagree with him about all of his arguments and point to car companies such as Nissan or Tesla as evidence.
- (D) He would agree with him, but add that some of the most popular plug-in cars, such as the Nissan Leaf or Tesla, are not very expensive.

## Answer Key

- 1 What evidence is the LEAST relevant in the CON article?
- (A) information on the lifetime cost of an electric car
  - (B) information on how far an electric car can go between charges
  - (C) information about the cost of raising a child who attends college**
  - (D) information on the subsidies the government provides for people who buy electric cars
- 2 What evidence is the LEAST relevant to the PRO author's argument?
- (A) the brand names of the most popular plug-in vehicles**
  - (B) statistics on the growth of electric cars as compared to the growth of hybrid cars
  - (C) information on the new environmental policies put in place by President Obama
  - (D) information about how electric cars would reduce the need to buy gas from other countries
- 3 How would the CON author respond to the following claim by the PRO author?
- "Each automaker is trying to offer plug-in vehicles that can go far on a charge, recharge quickly, perform well, and not cost too much."*
- (A) He would agree and note that once these changes are made, plug-in vehicles will be great for families.
  - (B) He would argue that while companies are trying to make their cars more efficient, the cars will always be too expensive.
  - (C) He would argue that the people who make electric cars do not have children and therefore don't know how to build a car suited to parents' needs.
  - (D) He would agree, but add that the cars are made for a specific population and no amount of federal aid could fix their problems – such as them being too small for a family car.**



4 How would the PRO author respond to the following claim by the CON author?

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

- (A) He would disagree with him about price, but agree that the cars are too small for most families.
- (B) He would agree with him, but add that lower-priced car companies like Toyota and Volkswagon would soon make electric cars.**
- (C) He would disagree with him about all of his arguments and point to car companies such as Nissan or Tesla as evidence.
- (D) He would agree with him, but add that some of the most popular plug-in cars, such as the Nissan Leaf or Tesla, are not very expensive.