Chevy Volt Not the Answer, Says Obama Administration

by Jason Lomberg, Technical Editor

efficiency zone
Sponsored by MICROCHIP

Chevy Volt Not the Answer, Says Obama Administration

by Jason Lomberg, Technical Editor

There’re strange brewings in the auto industry. President Obama once remarked [1] that “unless we free ourselves from a dependence on these fossil fuels and chart a new course on energy in this country, we are condemning future generations to global catastrophe.” Fresh off its government bailout, General Motors has devoted “significant resources” to the Chevy Volt [2], an "Extended Range Electric Vehicle" set for release in 2011. Obama’s response? According to his Auto Task Force [3], the Volt “is currently projected to be much more expensive than its gasoline-fueled peers and will likely need substantial reductions in manufacturing cost in order to become commercially viable.” It seems that we’ve once again [4] entered the twilight zone.

The two persistent criticisms of hybrid and pure electric vehicles are 1) Cost and 2) Infrastructure. The latter won't be solved overnight, but entrepreneurs like Shai Agassi are making strides [5]. Cost is related to overall viability, and viability is related to cost. In a nutshell: early adopters will eventually drive the costs down. But under no circumstances are they viable *now*. This is the same point made by detractors for decades. The environmentalists, lobbyists, and assorted hipsters point to the long-term viability of new technology. In this column, Plug-in-America noted [6] that, "most advanced new technologies are initially more costly." Obama, himself, has set a goal of one million hybrids by 2015. So why the sudden about-face?

Rick Wagoner recently stepped down as CEO of GM. Many felt this "restructuring" was at the behest of the Obama administration. For his part, Wagoner spoke [7] of being "requested" to "step aside." Obama mentioned [8] that, "Rick Wagoner is stepping aside as Chairman and CEO. This is not meant as a condemnation of Mr. Wagoner…rather, it's a recognition that it will take new vision and new direction to create the GM of the future." Obama also declared that, "The United States government has no interest in running GM." But his close involvement in GM's operations says differently. Even the NY Times characterized it [9] as, "a level of government involvement in business perhaps not seen since the Great Depression."

Obama has pledged to halve the deficit in four years, presumably due to his $787 billion stimulus package. Many question this logic. Even proponents of the stimulus bill don't think it'll happen overnight. Either the government is nationalizing the auto industry, or loaning the money in good faith. They can't have it both ways. Similarly, the President must reexamine his commitment to alternative energy. Supporters and critics of advanced tech vehicles agree on one thing: they're not viable *now*. Former GM vice chairman Bob Lutz said [10] of the Volt, "We won't make a dime on this car for years, and the board is OK with that." Where does the President stand? How do we traverse the gap between cost and viability?

Do you agree? Disagree? Think I've jumped the shark? Leave your comments below

or send them to me directly at jason.lomberg@advantagemedia.com [11]. Also, be sure to follow us on Twitter at http://twitter.com/ecnmagazine [12].

Note: The preceding represents the view of the editor and not necessarily ECN.

Source URL (retrieved on *08/02/2014 - 2:11am*):
http://www.ecnmag.com/blogs/2009/04/chevy-volt-not-answer-says-obama-administration?qt-most_popular=0

Links:
[1] http://my.barackobama.com/page/community/post/haroldhensel/CpTV
[2] http://en.wikipedia.org/wiki/Chevrolet_Volt
[3] http://www.whitehouse.gov/assets/documents/GM_Viability_Assessment.pdf
[4] http://www.ecnmag.com/ez-Next-Stop-the-Twilight-

Zone.aspx?menuid=&adcode=section=effzone
[5] http://www.ecnmag.com/ez-evs-on-cell-phone-contracts.aspx?menuid=&adcode=section=effzone
[6] http://www.ecnmag.com/ez-plug-in-america.aspx?menuid=&adcode=section=effzone
[7] http://www.media.gm.com/servlet/GatewayServlet?target=http://image.emerald.gm.com/gmnews/viewpressreldetail.do?domain=827&docid=53290
[8] http://www.whitehouse.gov/the_press_office/Remarks-by-the-President-on-the-American-Automotive-Industry-3/30/09/
[9] http://www.nytimes.com/2009/03/30/business/30auto.html
[10] http://blog.wired.com/cars/2008/03/gm-well-lose-ou.html
[11] mailto:jason.lomberg@advantagemedia.com
[12] http://twitter.com/ecnmagazine