

Flat batteries

The electric car stalls in the race to be the green wheels of the future. That is not a tragedy
Jun 1st 2013 |From the print edition



MAY was not the merriest month for electric cars. On May 1st Coda, an American maker of battery-powered cars, declared bankruptcy; on the 26th Better Place, a much-hyped promoter of cars with swappable batteries (which raised nearly \$1 billion in 2007), filed for liquidation in Israel. Fisker, another American electric-car maker, which is partly financed by taxpayers, teetered on the brink of collapse, having made no vehicles since its (also state-financed) battery-maker, A123, collapsed last year. Fiat-Chrysler's boss said during the month that it will lose \$10,000 on every 500e battery car it sells. The car costs \$32,000, double the price of the petrol version, but Fiat has to try to sell them because California is imposing quotas on sales of "zero-emission" vehicles on carmakers.

The news has not all been bad. Tesla, a Californian maker of battery-powered sports cars, recently declared its first quarterly profit, and repaid its \$452m of government loans early. But overall, electric cars, whether purely battery-powered or hybrids that use petrol engines as backups, have been a flop. They are expensive, even with state subsidies, and the all-battery ones have a limited range.

Does this failure matter? Not that much. The main reason why Better Place failed seems to have been bad management. In 2009 it struck a deal with Renault to sell 100,000 electric cars with swappable batteries by 2016; it sold just 1,300. It failed to get other carmakers to make vehicles with swappable batteries, restricting its subscribers' choice.

Another barrier has been that all cars have been getting greener, driven in part by manufacturers' need to meet emissions standards. In the longer term a race is on between scientists trying to create low-cost, low-carbon "biofuels", which could give petrol and diesel engines a new, clean lease on life, and others trying to make electric batteries lighter, cheaper and more reliable. The odds are that pure electric cars, despite their slow start, will be part of tomorrow's cleaner traffic: they just will not be the whole answer.

We watched "Star Trek" too

Given this uncertainty, the wise thing for politicians would be to set overall emissions targets, and leave the risk to businesspeople. Wherever this has been tried, in Europe,

America, Japan and more recently China, carmakers have grumbled: but they have responded—most notably by squeezing more efficiency out of the century-old internal-combustion engine.

Sadly politicians see electric cars not as a means to a greener future but as an end in themselves. Barack Obama is still prattling about having 1m of them on America's roads by 2015 (so far he is only 5% of the way there); this week Angela Merkel restated her aim to have 1m such cars on Germany's roads by 2020 (a mere 3,000 were sold there last year). Under fire from Congress, Mr Obama has stopped lending to makers of electric cars and batteries, but he still wants to increase the maximum federal credit for electric cars from \$7,500 to \$10,000. And the Chinese government is planning to revive an old subsidy scheme worth up to 60,000 yuan (\$9,800) per car.

Such subsidies make little sense. If governments want to cut emissions it would be better, say, to pay people to insulate their homes. Better Place achieved little in its brief, expensive life. But if its failure, despite having such weighty backers (including GE and HSBC), persuades governments of the folly of picking winners, it will not have died in vain.

Fonte: The Economist, London, v. 407, n. 8, p. 13, June 1st – 7th 2013.

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