

# Forbes

## Maybe It Should Be Called the Chevrolet 'Vote'

By Patrick Michaels

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The Chevrolet Volt is everything that is wrong with Washington on four wheels, and investors (that's you and me) should be furious.

**Wrong #1:** The Volt should be re-named the *Vote*. Who can forget that Super Bowl ad, with the pseudo-assembly line of Volts rolling through Hamtramck, Michigan, and the voice overlay that “this isn't the car we wanted to build; it's the car America had to build...from the heart of Detroit to the help [sic] of the country.” How true—corporate welfare on wheels, buying votes in a state vital to the President's re-election. There is simply no way that GM can kill it.

**Wrong #2:** Paying workers for not working. Several days before Christmas, production was phased out for the holidays, which in the case of the Volt plant, lasted until February 6. Last Friday, GM announced another shutdown, from March 19 through April 13, or five weeks. That's right: the Hamtramck plant will produce “the car America had to build” for less than seven out of 18 weeks. When it's open the plant only runs one ten-hour shift for four days a week. When the plant is shuttered, the 1,300 workers still get paid. Not counting obligations to retirement, the average hourly wage and benefits cost to GM union employees is about \$55 per hour. Shareholders ponied up a little more than \$30 million in wage costs alone for these 11 weeks of leisure. Nice job if you can get it! Of course, institutional overhead probably tacks on another \$15 million or so. All while not one car is produced.

How many unsold Volts are out there? GM says there were 3,600 at the end of February, and Autoweek and The Wall Street Journal say 6,300 (which would be in the ball park of the total non-fleet sales of Volts for all of 2011). Cars.com lists a bit over 4,300. Even using conservative figures, the average Volt sits on the average dealer's lot for 60 days.

**Wrong #3:** Subsidizing well-off taxpayers. The Administration is doing everything it can to goose sales. The President's new budget raises the subsidy paid to Volt buyers another 33%, to \$10,000 per car in a direct tax credit. The median price of all the Volts on cars.com is \$43,200. The average household income of Volt purchasers is in excess of \$170,000, around the 93rd percentile. At the 28% tax bracket (married, filing jointly), this is equivalent to \$36,000 of tax-free income. The car which is traded most for the Volt is none other than the Toyota Prius, which, according to most analyses, will not have been owned long enough to save in gas money the total premium paid for the car, compared to a comparable conventional vehicle.

**Wrong #4:** Corporate cronyism and coercion. Last month, General Electric, whose CEO Jeffrey Immelt chairs the President's Council on Jobs and Competitiveness, announced that all 2012 sedans ordered by employees for corporate use will be Volts. That's Competitive! Beginning next January 1, GE will not reimburse employees for any corporate travel unless it is done in a Volt. If GE purchases the 12,000 Volts it is committed to buying, it will get a \$120 million subsidy.

Mark Modica, of the National Center for Policy Analysis, has uncovered another whopper. Dealers that sell Volts to nonprofits, such as municipalities, can claim the subsidy. The Obama Administration is simply determined to give away money to move this car that so few want.

The political calculus on the Volt may in fact be wrong. Yes, it may deliver Michigan. But people in other battleground states aren't happy about subsidizing a car with their children's (and grandchildren's) future wages.

When testifying to Congress about the (overhyped) Volt battery fires last January, GM CEO Dan Ackerson lamented "We did not develop the Chevy Volt to be a political punching bag", but rather "We engineered the Volt to be a technological wonder".

In fact, it is an impressive piece of technology. It is also an expensive one for which the shareholders (us) are paying workers not to work, buying the vote in Michigan, subsidizing the wealthy and paying one of the richest corporations in the world to be subsidized to buy something that just cannot roll on its own four wheels.

How could the more-aptly named Chevrolet Vote not become a political punching bag?