



Written by [Steve Byas](#) on August 15, 2017

Electric Cars: Let the Free Market Decide

Governments around the world are intervening in the market place to promote electric cars, through mandates and subsidies. Despite all this support, electric vehicles still make up less than one percent of all cars on the road.

The market is telling us something, but politicians and corporate interests are not listening. The benefit of pushing electric cars to politicians is as an appeal to voters that they have “done something” to improve the lives of their citizens, as well as the temptation to exercise power, seemingly common to politicians in all times and locales. Corporate interests, for their part, claim that they are somehow helping the public, while they take the public’s money to fatten their corporate bottom line.



In the 19th century, the U.S. government gave huge amounts of the people’s money to railroad companies, resulting unsurprisingly in the scandal of bribes and kickbacks. The transcontinental railroad, we are told, could not have been built without these massive subsidies; however, James J. Hill soon constructed a transcontinental railroad without a dime from the taxpayers.

If electric cars made economic sense, the majority of consumers would most likely prefer them over automobiles with gasoline-powered internal combustion engines. Perhaps someday they will; we just do not know. Some European countries, however, are attempting to bully automobile manufacturers into terminating gasoline-engine cars by 2040 — leaving the manufacturers to determine how to do it.

This is rather like the story of King Canute of England ordering the waves to cease. (If the story is true at all, it was an effort by Canute to demonstrate the limitations of human monarchs, since no sane person could believe a mortal man had that type of power over nature.) Just because government orders private industry to create a technology that does not yet exist does not mean that it will happen. For one thing, if it were in the interest of automobile makers to manufacture electric cars, they would do so, without government subsidies or orders.

At the present time, the challenges facing manufacturers of electric cars in a free market economy are two-fold. First, gasoline-driven vehicles are very convenient. Drivers can purchase gasoline at multiple locations. It is in the financial interest of many retail stores across America (and in other countries, as well) to provide places for the motorist to fill up. One does not concern himself over “seeing the U.S.A. in a Chevrolet,” as the old commercial jingle used to say, because one can travel from coast to coast knowing that gasoline will be available. But this is not the case for owners of electric cars.

While it takes only a few minutes for the owner of a gasoline-driven automobile to stop and fill the tank, charging an electric car takes much longer. British writer Ross Clark noted recently that the Nissan



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Leaf takes *four hours* to fully recharge after a 124-mile trip. (This is what the company claims is the range of the Leaf; however, independent testers argue that it is much less — more like 70 to 80 miles.) Driving across country under those conditions would be unrealistic, unless one had a great deal of time on his hands.

Another problem is the high cost of batteries. The Leaf is the world's best-selling electric car, and its batteries cost about \$6,450. While supporters of the car's economic viability argue that the cost of the car itself is only about \$21,500 (or 16,680 in British pounds), Clark notes that without government subsidies, the Leaf would be much more expensive: 26,180 in British pounds, or almost \$38,000. In other words, motorists in the United Kingdom who do not drive electric cars are paying for those who do.

Why do governments do this? The supposed reason is environmental concerns. Government officials argue that they want to reduce the use of fossil fuels so as to reduce pollution and the supposed "global climate change." How will all this electricity be produced? Without nuclear energy, much of it will come from fossil fuels anyway.

Despite the obvious economic problems, governments around the world are expected to favor electric cars, either by mandates or subsidies, or both. For example, San Francisco (not surprisingly) is one of the world's cities that are requiring new homes and apartment buildings to be wired to charge electric cars. Of course, such mandates will only increase the price of a new home, or an apartment — which in the end will hurt most those at the lower end of the economic scale.

It may be that someday in the future, electric cars will displace gasoline-powered vehicles. But forcing that choice on consumers and manufacturers is a distortion of the free market. As Adam Smith stated long ago in his monumental *The Wealth of Nations*, the butcher does not prepare us our supper for our benefit, but for his own. But in order to benefit himself, he must prepare us our supper.

If the government were to simply get out of the way, the free market would take care of this entire dilemma, probably in a way that we cannot yet even imagine.

Photo of Nissan Leaf: [wikipedia](#)



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