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Dude, where's your car?

Politicians have it backward: Customer preference, not political calculations, should drive business decisions

By James Hohman & Jason Hayes | July 2023

Americans may be starting to question the rosy narrative on electric vehicles. Ford has dropped prices for its brand-new line of electric pickups, the F-150 Lightning, by as much as \$10,000. Mark Fields, the company's former CEO explained recently that automakers are facing a "moment of truth," having invested billions in EV and battery manufacturing, but finding that "the demand isn't there right now."

These headlines are causing some head-scratching for many readers. If battery-powered vehicles are doing as well as government and media promised, why do we keep hearing about their high cost, poor performance, and (at best) questionable claims to protect the environment?

People's elected representatives have baited a hook for electric vehicles with taxpayer money, and customers aren't biting. Increasingly, political preferences are driving the market for personal vehicles rather than customer preferences. Electric vehicles enjoy a bevy of favors from Washington and state legislatures. But voters are making their preferences known in the marketplace.

Lawmakers should stop, but they won't. That's because politicians really want you to buy electric vehicles, and they are more than happy to use as much taxpayer money as it takes to tip the scales toward their preferred electric options.

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This desire is based on a multi-layered storyline politicians like to tell the public. Some people do want electric vehicles, which do have their virtues. Some customers are concerned about tailpipe emissions, although switching to an electric vehicle simply shifts the bulk of the CO2 emissions to the manufacturing phase and the charging phase. Other customers have a specific brand preference — they really love the idea of owning a Tesla — and they'd buy it with or without a check from the government.

But subsidizing electric vehicles also builds on the popular fictions about electric vehicles: that they are good for the environment, that they will create a host of new manufacturing jobs, that a battery factory will move the state into the future of tech manufacturing.

A White House press sheet making the political argument for electric vehicles hits on these very themes. Low-income and disadvantaged communities will benefit from good-paying manufacturing jobs, the White House alleges, while local economies will see increased private-sector investments and American supply chains will return home. Of course, a primary claimed benefit is “a clean, safe, affordable, and reliable transportation future.”

Electric vehicles find themselves at the intersection of many claimed political and environmental benefits. Yet there’s never any clear delineation of whether all this spending is actually worthwhile. In what specific ways will people benefit from government largesse? How will this spending ensure electric vehicles offer a better option to customers who need a vehicle?

The vast majority of car buyers have not asked for these electric vehicles, but that’s irrelevant in a mandate-driven market. Internal combustion engine vehicles still get customers where they want to go, when they want, and with the things they want to take with them. Even in today’s faux-efficiency furor, internal combustion engines do so with very little in the way of emissions. Electric vehicles come with extra hassles and uncertainty, and they don’t do the job that Americans expect of their cars and trucks.

But re-election-focused politicians can’t be bothered with issues like customer preferences. The political narrative around electric vehicles is too compelling. Everything about electric vehicles is viewed through the lens of political preferences. Politicians at all levels lavish taxpayer dollars onto well-positioned

companies in an effort to entice them to build battery and parts factories.

That political narrative has gotten so bad that President Biden suggests banning the vehicles people want to buy, under the pretext that electric vehicles will be better in the future.

There is an easy way to tell whether electric vehicles are meeting consumer preferences: Look at sales. We should want an electric vehicle transition where producers give customers what they want. We should not want politicians cramming their preferences down consumers’ throats.

In this hyper-politicized market, government spends your money pressuring manufacturers to produce electric vehicles, then spends more taxpayer dollars enticing otherwise uninterested customers to buy them. It doesn’t work that way. Customer demand is supposed to drive business action. Politicians have the law of supply and demand completely backward. People should be annoyed when politicians ban the products they want.

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