



🕒 APR 27, 2021, [Financial Times](#)

The Biden administration shouldn't ignore hybrid cars

It pays to own a car. Research suggests earnings rise when an auto sits in the driveway. But car ownership also comes at a price. Transportation is a leading cause of greenhouse gases and the bulk of these emissions come from the coupes, vans and wagons that ferry consumers everywhere from work to the grocery store to weekend soccer (editor: football) practice.

Electrification should help. Electric vehicles are less reliant on fossil fuel for power and less fossil fuel reliance means fewer greenhouse gas emissions. This makes EVs a greener alternative to the status quo. But they also pose a thorny challenge. The technology remains pricier than gasoline powered

autos. And few things influence car sales like sticker price.

The solution is purportedly subsidies. Nothing tempers sticker shock like government handouts. Joe Biden certainly thinks so. America's 46th President recently announced \$174bn in federal funding to realise an EV nirvana. The move, Biden argues, will "unify and mobilise the country" and "reduce the effects of climate change for our kids."

Biden's efforts have precedent. Norway has long relied on generous incentives to boost EV sales. Prospective buyers have since the early 1990s been teased with purchasing perks like discounts on local ferries, free access to bus lanes and, most notably, relief from hefty vehicle import taxes. The result? Just over 54 per cent of all new cars sales today are electric, a global record, and up from a just one per cent a decade ago.

But curbing emissions requires more than robust sales figures. What also matters is the intent of would-be buyers; how EVs are inevitably used. On these fronts, the picture isn't so rosy.

Studies show that EVs are largely purchased as complements, not substitutes – or, in non-economist speak, as second cars. For the masses gas guzzlers remain the auto of choice (which probably explains why internal combustion engine sales have continued to rise in Norway too). Moreover, miles driven in an EV pale in comparison to those covered in petrol cars, both in Norway and elsewhere.

None of this necessarily makes EV subsidies a bad idea. If the goal is to merely boost EV sales, then doling out government handouts is – by almost every account – the way to go. But if curbing emissions is what taxpayers' value (I know I certainly do), then subsidising EVs is, to put it mildly, bonkers.

A more pragmatic approach would be to underwrite hybrid vehicle sales. True, these vehicles aren't nearly as clean as EVs. But hybrids aren't as pricey either. This makes underwriting the technology a wiser use of the public purse. Moreover, consumers actually like driving hybrids and these vehicles are a greener alternative to conventional autos.

Affinity for hybrid EVs is particularly high among low and middle-income households, a demographic that often tends to buy more polluting vehicles. Such purchasing habits are hardly surprising. The masses may care about the planet, but they care about saving cash even more. Gas guzzlers are –

up front at least – cheaper, and feeding the family today takes precedence over saving the planet tomorrow.

Green stalwarts may not like the idea of backing hybrids. Tackling climate change, they will argue, requires more than climate policy tweaks. It requires real change. Perhaps. Then again, big things tend to happen when you do the little things right.

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