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The Great Tesla bubble

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Abstract: For those who want electric power without the woes of range anxiety, other options exist -- nowhere as sexy as Tesla but more effective in terms of access to product, long-term viability, distribution systems and execution.

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Full text: Do I go too far out on a limb to suggest that Tesla is the modern-day version of the Great Tulip Bubble of March 1637?

Remember, that was when speculators drove prices of just-introduced tulip bulbs to astronomical heights. Some single bulbs cost more than 10 times an average working man's annual salary.

That's Tesla. How else to justify a stock price of more than \$185 a share as of this writing, a \$20 billion market-capitalization value for a company that has sold, what, 20,000 cars? And it has not made a penny! This firm has one vehicle in its lineup -- the Model S -- and we don't know what's next beyond a delayed SUV and a magic tube to whoosh people from San Francisco to Los Angeles.

Tesla's the darling of greenies. It is trumpeted as the exemplar for electric vehicles, yet it could not be less practical for everyday use. Yes, if you motor around the city or use it on defined work commutes before you reattach it to the power grid, you'll be OK, so long as you're not taken out of your way unexpectedly. It is not a replacement for a vacation-hauling family truckster.

The Model S is visually stunning. It would sell in great volumes if it had an internal combustion engine. It probably would sell better if it had a distribution system, too, so you could take it to a local dealer with ease. Tesla might even move a few more units if a plan existed beyond returning it to its California base to recycle its batteries when used up.

In today's Model S, you get in and drive, play with the oversized touchscreen in the center console, and when its batteries are drained you find one of 23 so-called Supercharger stations in North America and get some additional miles of range in around half an hour. (Tesla has demo versions of a battery-swap station, saying it plans to add that capability to eight Supercharger stations.) Still, if you want to go from California to Washington, D.C., you might be better off taking a Conestoga wagon.

Tesla is a grand experiment, and Elon Musk, its mad-scientist founder, keeps the dream alive. I wish him well but think economic forces will catch him -- and his bubbling investors -- in due course. His company is not making money. He does not have an unlimited bank account. Very soon our government money propping up this great electric experiment will short out.

Please do not confuse this opinion with a condemnation of alternative-power vehicles. It is not. I like alternatives to gas-powered cars plenty. And do not confuse it, in your red haze of Tesla lust, with any want to see Musk fail, because I do not. I'd like Tesla to succeed because if it does it makes mass acceptability of alternative-to-gas-powered vehicles an even greater likelihood. I'm a fan of history and, yes, it repeats.

For those who want electric power without the woes of range anxiety, other options exist -- nowhere as sexy as Tesla but more effective in terms of access to product, long-term viability, distribution systems and execution.

We know that General Motors and Toyota build plug-in hybrids that are capable of operating as EVs. The difference is, with gas engines onboard you can drive coast to coast and not worry about coasting to a charging station. It is such a great example that BMW, in its infinite engineering wisdom, has adopted this approach with the new i3, which can be optioned with a gas generator, and coming i8.

GM, Toyota and BMW have national dealer networks to fix cars when they need it. Each company has more than one product in its lineup. Each has greater financial resources. And, unlike Tesla, each company has productive business units generating income to finance its future.

BMW and GM -- and Toyota and Nissan, too -- don't worry about bubbles bursting. For now, we speculate on the electric-car future and the companies that make them. For major automakers, the future seems far more certain. For those of you holding shares of that hot Tesla stock, sell high.

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