



McCain's Gas Pains: Gas "Tax Holidays" A Good Idea?

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For immediate release from John McCain's campaign:

John McCain, who just hours earlier proposed a "tax holiday" in which the 18 cent federal tax on gasoline would be suspended during the summer driving season, has reconsidered and has instead proposed that the U.S. gallon be redefined to be equal in volume to the current U.S. quart. "This will immediately lower the price at the pump by 75%, providing visible relief to millions of Americans", quipped McCain. "I rejected the idea of setting it equal to the liter, for obvious reasons".

When questioners suggested that this move wouldn't actually change how much consumers spend to fill their tanks, McCain responded "Well, neither would my previous proposal".

In unrelated election news, the McCain campaign announced that P.T. Barnum has been posthumously appointed as their policy director. Also, Hillary Clinton has proposed a suspension of the law of gravity, at least during the summer flying season, to help the beleaguered airline industry. Barack Obama reportedly had no comment on these suggestions, other than to say that Americans are definitely "atwitter" about gas prices.

We interrupt this vacation from reality with the following observations...(under the fold...)

- As gasoline is a commodity for which prices are determined by supply and demand, lowering the price without increasing the supply will likely increase demand (usage). Prices will rise again to compensate.
- The 18.4 cents per gallon that is now flowing into the US treasury, and which is then spent building roads, bridges, and mass transit, will instead flow to oil companies -- particularly those in foreign countries, since the US imports over half of its oil.
- Targeting the current gasoline tax instead for the development of alternative transportation and ways of using energy more efficiently will provide more lasting solutions to the current energy and economic crises than short-term attempts to fix the problem.



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