



## McCain wants a gas tax "holiday." It's a no-brainer, right?

Posted by [Jerome a Paris](#) on April 15, 2008 - 7:44pm in [The Oil Drum: Europe](#)

Topic: [Policy/Politics](#)

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Atrocious policies but devious politics from McCain:

### [McCain Proposes Break in Gas Taxes](#)

PITTSBURGH (AP) — John McCain wants the federal government to free people from paying gasoline taxes this summer and ensure that college students can secure loans this fall, a pair of proposals aimed at stemming pain from the country's troubled economy.

(...)

To help people weather the downturn immediately, McCain was calling for Congress to institute a "gas-tax holiday" by suspending the 18.4 cent federal gas tax and 24.4 cent diesel tax from Memorial Day to Labor Day. He also renewed his call for the United States to stop adding to the Strategic Petroleum Reserve and thus lessen to some extent the worldwide demand for oil.

Let me make the following bets...(under the fold...)

- that proposal is going to be very popular, given how people are unhappy with gas prices;
- it is going to embarrass Democrats, who know it's an atrocious idea, and who are going to either be accused of wanting to tax poor Americans, or to not know what they want;
- it's going to reinforce McCain's reputation as a maverick with bold ideas ('hey, why didn't we think of this before?');
- this is going to be supported by Bush, divide the Democrats, and get pushed through Congress in record time, and be applied;
- the price savings from this proposal will be cancelled by the increase in oil prices (some of which will be triggered by the temporary boost to US demand caused by the downward blip in prices it will cause) ;
- rather than saying it was a bad idea, McCain will double up and propose to eliminate the tax all year long (repeat and rinse - just before the election).

As I said: devious politics. But atrocious policies, given that higher oil prices come from the tension between growing demand and tight supplies. Pushing prices down boosts demand (even if only a little), thus worsening that tension - which can only push oil prices higher.

The end result is that the small fraction of the gas price that was going to Washington will no longer do so, increasing deficits, and making it harder to fund things like public transportation, renewable energies or energy efficiency programmes that would actually have an impact on oil prices. And meanwhile, the amounts going to Tehran, Caracas, Moscow or Riyadh will only increase...

But hey, I'm always told that a gas tax increase is a political suicide, so this tax "holiday" is a no-brainer, right?



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