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THE HOT BLOG

Friday, August 07, 2009

NY Times Wants a Gas Tax [Greg Pollowitz]

From their editorial today:

Policy makers could do even more to push consumers in the right direction by giving them a clear financial incentive to buy fuel-efficient vehicles. And that, in turn, could mean a gas tax — the most effective way we can think of to keep fuel prices high enough to make people think twice before buying a guzzler. One study of car sales from 1999 to 2007 concluded that a \$1 increase in the price of gas cut the market share of S.U.V.'s by more than 11 percent and raised the market share of compacts by about 17 percent.

Any gas tax scheme should include some mechanism like tax credits to protect low-income consumers. But coupled with the new fuel economy standards, such a tax could take this country a long way toward reducing carbon emissions.

Drivers embrace fuel economy when gas hits \$4 a gallon. Some device is needed to encourage them when it drops below that.

I wonder, however: Can the *New York Times* can stay in business under this plan? Higher fuel prices would drastically increase the cost of producing and distributing the *Times* and hit almost every aspect of the Times' business. Lower-margin smaller cars would mean less advertising money from the auto industry, as well.

08/07 01:00 PM Share

Tweet of the Day [Greg Pollowitz]

Senator Claire McCaskill:

My explanation for no vote on cash/clunkers on my tumblr blog, right under my oppositn to new exec jets for gov. http://clairecmc.tumblr.com/

08/07 12:55 PM Share

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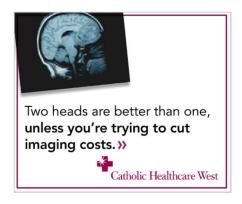
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Chumps for Clunkers [Jerry Taylor and Peter VanDoren]

Suppose we came to your house one day and said, "Look over there at Ted — the guy with the Toyota Tundra in the driveway." You look — yup, that's Ted alright, the guy who always seems to roll his eyes every time you drive by in your Prius with the Obama bumper sticker. No matter how gently but firmly you and your Greenpeace neighbors admonish Ted, he simply won't give up that Tundra for a subcompact. You don't particularly like Ted.

"Well, me and few of your other neighbors are tired of looking at Ted's Toyota Tundra and thinking about all of the environmental damage that he is doing with that truck. So here's our plan. We're going to take up a collection. Once we get \$4,500 or so together, we're going to offer it to Ted on the condition that he use it to buy something a little less gas-guzzly. And since it is Ted we're talking about, we know he won't go for this deal unless we let him buy something short of an econo-box. Of course, he has to sell the Tundra as part of the deal, but we'll see to it that the Tundra is scrapped so nobody else can inflict that truck upon this neighborhood again. So . . . can we sign you up for a contribution?"

While there's nothing obvious in this for you, it does bug you to see that Toyota Tundra on the road. And if you don't pay Ted to buy a more fuel efficient car or truck, you fear that he's simply not going to no matter how often you surreptitiously leave those *Earth in the Balance* DVDs in his mail box.

Still, there's a few nagging concerns that keep you from reaching for your checkbook. For instance, it occurs to you that nobody gave *you* \$4,500 to go out and buy *your* Prius (OK, you got a pretty chunky tax credit, but if Ted wants to avail himself of it, it's still there). Aren't we simply rewarding Ted for saying no to fuel efficiency for all of these years?

"Well, maybe," we say, "but it sure doesn't look like Ted is going to give up that Tundra any time soon." But on second thought, you're not so sure. Ted may like Sarah Palin and all, but he was none too happy when gasoline prices hit \$4 a gallon last summer. He even mentioned to you last year that he was thinking of trading the Tundra in as soon as he got the next big repair or maintenance bill. Maybe if you wait long enough, Ted will buy a more fuel-efficient car on his own volition, especially if gasoline prices go up . . . as your Greenpeace friends keep telling you they inevitably will, given that we're running out of oil (at least, that's how they tell it).

Moreover, you worry that this scheme of ours might encourage all kinds of undesirable behavior from Ted. He's strikes you as just the kind of guy to start letting his lawn go in the hopes that, once again, a neighborhood collection is made to get him to break-out the lawn mower or buy one that can do the job quicker and easier. Or the sort who would buy an Honda Civic, drive it for a few months, and then sell the thing and buy a new Tundra! After all, as long as he can turn around and sell the Civic for more than he paid for it (whatever he can negotiate from the dealer minus the \$4,500 we propose to give him), he will actually make a profit . . . and he's just the sort of weasel who would use that profit to get back in a Tundra on our dime.





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Even if Ted doesn't play some game like that, is this really the best way to save the planet? You make a mental note to do a little math tonight to see how this proposition pencils out. The calculation you have in mind is fairly straightforward. Total up all the greenhouse-gas emissions that are avoided by replacing Ted's Tundra with an econo-box, divide by the neighborhood bribe, and the result is the cost of reducing a ton of Ted's automotive greenhouse emissions. You suspect that it costs a lot more to take greenhouse gases out of the atmosphere this way than it would to, say, plant some trees throughout the neighborhood. And doesn't making a new car for Ted put its own basket of greenhouse gases into the atmosphere?

You relate these concerns to us, but we are unmoved. "Well, think of all the autoworkers you'll help out," we say. "Even if you don't like Ted, think of them. And think of their children!" Now, no one ever accused you of being a stone-hearted Republican, but you are even less moved now. This isn't the first time, after all, that someone came to your door to save some autoworkers, most of whom make more money than you do. When are these people going to stop asking for handouts? And what about helping people who don't hold membership cards with the UAW? After all, there are people in your neighborhood who work in retail sales and residential services who recently lost their jobs. Why not pay Ted to paint his ugly house and landscape his dying front yard? Don't painters and landscapers deserve as much help as these wealthy autoworkers you've never met?

"Perhaps they do," we say. "But regardless, you'll help us stimulate the economy and thus get the country back on its feet." That's sounds reasonable at first, but you can't help but wonder how destroying a bunch of perfectly good cars and trucks is going to help the country grow rich. If destroying private property created wealth, Cuba would be fabulously wealthy by now.

We're getting annoyed at your intransigence. "We've seen this done before in other neighborhoods," we say tartly. "And by gosh, people *love* it!" Sure, you think, it's obvious why people like Ted love it when you give them money. And it's obvious why autoworkers love it when you pay people to buy the cars that they make. But you're not sure why anyone else should love this idea.

You mutter something about being in the middle of dinner and will get back to us tomorrow. And you shut the door. Nicely.

— Jerry Taylor and Peter VanDoren are senior fellow at the <u>Cato Institute</u> in Washington, D.C. VanDoren is also the editor of Regulation magazine.

08/07 12:00 PM Share

Gridlock [Drew Thornley]

Great synopsis from <u>Bloomberg</u> on the less-than-smooth sailing for wind (or solar) energy, given the nature of our electricity grid. (I cover these issues in my <u>study on Texas wind energy</u>, if you want to read more.) From Bloomberg:

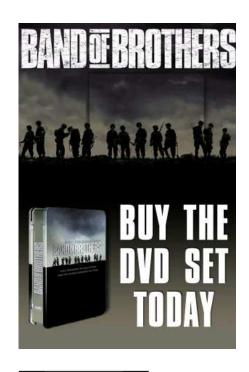
President Barack Obama's push for wind and solar energy to wean the U.S. from foreign oil carries a hidden cost: overburdening the nation's electrical grid and increasing the threat of blackouts.

The funding Obama devoted to get high-voltage lines ready for handling the additional load of alternative supplies is less than 5 percent of the \$130 billion that power users, producers and the U.S. Energy Department say is needed.

08/07 11:50 AM Share

Thursday, August 06, 2009

Hey, Anyone Have an Outlet I Can Use? Part II [Greg Pollowitz]





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