Gasoline Price Causing Big-Vehicle Sales

Contributed by Jan Lundberg, oil-industry analyst
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The retail price of gasoline in the U.S. is extremely low, not just compared to the summer of 2008. Subsidies both direct and hidden create a true cost at least a few times higher than the visible price. The actual cost is paid largely through income taxes (such as for wars in the Middle East and domestic infrastructure), in the purchase of goods and services associated with "free" parking, and even medical care for car/fuel related mortality and morbidity. When the average gasoline price is $2.66 a gallon, according to news reports on the most recent Lundberg Survey, the message to the consumer is "Buy that big vehicle."

Additionally, taxes on gasoline are several times lower in the U.S. than many other countries enjoying a better lifestyle than that of the U.S. "Our" incentive to drive more and put more carbon in the atmosphere is the de facto policy of the U.S. corporate state. So "our" participation in the U.N.'s Copenhagen meeting on climate change in December is a sham for that reason, among other reasons.

News story: How to boost fuel efficiency? Raise taxes, auto executives say

Nov. 4, 2009
Reuters - syndicated in publications such as Automobile magazine

[excerpt]

Now, with gas at an average of $2.66 a gallon across the country [as of Oct. 23], a Lundberg survey indicates Americans are reverting to their large vehicle buying habits.

To rectify this, [Mike Jackson, CEO of AutoNation, the largest automotive retail group in the U.S.] suggests steadily increasing the gas tax until a gallon costs between $4 and $5 per gallon -- still far less than the price of gas in Europe. Jerry York, a former GM board member, agreed with Jackson’s point. Both agree that the key is to gradually increase the fuel tax to slowly increase fuel prices, prompting people to move to smaller vehicles, and allowing automakers to sell fuel-efficient vehicles in greater (and sustainable) volumes.

The auto industry could just as well call for a large gas-guzzler tax, but that won't happen. The auto industry and the oil industry frequently clash on how government might regulate and tax. One of my last jobs for the oil industry was to represent its view during the gasoline station vapor recovery hearings by the U.S. Environmental Protection Agency, in 1988. Even though much more efficient air pollution protection would take place on motor vehicles, the oil industry lost that fight and had to instead install the vapor recovery nozzles at gasoline pumps (which barely work and are more costly than on-board canisters would be in cars). The real priority was continued sales of gasoline and cars, not protecting health or the air.

As long as liberals such as President Obama are concerned with "jobs" (and therefore corporate power), motor vehicles don't have to be efficient and reasonable; they just have to sell well. No politician or mainstream commentator is calling for automobile factories and facilities to be given over to the bicycle and bike-trailer industries. Yet, if the nation truly cared about local economies, health, wars and terrorism linked to oil and meeting greenhouse gas reductions, the car and oil industries would take a well deserved hit and recede into near oblivion. If this is not done in an orderly fashion, then petrocollapse or financial crash will hurt much more, with little chance for transition to sustainable industries.

Why ... [deletion of a legal reference, January 2013]

... anti-ecological and pro-consuming notions that don't fit with the reality of today's world in crisis. When I saw the above Automobile magazine news story, I wrote to family members,
"Odd to think that automobile corporation executives are more progressive than ... [deletion of a legal reference, January

2013]... , but this blurb of a news alert seems to indicate so. Bad news about the trend back toward large vehicles. Enough people are so helpless and clueless that everyone needs a total crash of the petroleum economy. Then it'll be for many, 'Duhh?' - Jan"

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Automobile magazine
article

Trucks are big again, and other October 2009 new car sales results, by Brady Holt, Examiner.com

... [deletion of a legal reference, January 2013]