

## Gas Taxes vs. Record Oil Company Profits? Easy Answer.

by Stephen Elliott-Buckley - Thursday, April 27, 2006

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[The Canadian Taxpayers Federation](#) this week has called for governments in Canada to reduce the taxes they collect on gasoline.

Yeah, gas prices are getting high. We should help out every Joe in his single-occupant rush hour commuting vehicle because oil passed \$75/barrel.

It seems like an easy intervention that in the short term at least will allow some relief in the gas lines.

It's the wrong thing to do, though.

We can look at gas taxes as a sin tax. Gas pollutes. We should economically discourage its waste. To reduce the gas tax undermines that effort.

But worse, foregoing that tax revenue shifts a chunk of the nation's wealth to the already bloated oil companies which have reached record profits in recent quarters compared to all of human history.

Reducing taxes now perverts the effects of any kind of utopian perfect market operation. Increasing prices should lead to a reduction of demand. Reducing taxes as oil prices increase softens the effect of the market on oil companies, whose pricing structure is based substantially on speculation and fear.

Sure, the presence of a gas tax in the first place perverts market operation. But seeing the gas tax as a sin tax means we aren't looking at it as merely an arbitrary tax grab by governments.

The last thing I want to see is our governments foregoing revenue to keep the blissfully profitable oil companies from suffering to the point where their record profits are at risk.

So take transit more, and if it's inadequate in your area lobby to have it improved. Sell the second car...or the first. Join the [Cooperative Auto network](#). But let's not partake in corporate welfare for some of the richest companies in the world.

Podcast at <http://dgiVista.org/pod/2006.04.26.mp3>

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