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EDITORIAL

The Gas Tax

President-elect Barack Obama and the Democrats in Congress seem to have a clear vision of the auto industry they think the country needs. It must be financially self-sufficient. It also must be capable of producing highly fuel-efficient, next-generation vehicles that can help the nation cope with climate change and finite supplies of oil.

Yet for all the conditions attached to it, the multibillion-dollar aid package for Detroit's carmakers approved by the White House (with Mr. Obama's support) fails to address one crucial question: Who will buy all the fuel-efficient cars that Detroit carmakers are supposed to make?

The danger is that too few will, especially if gasoline prices remain low. Therefore, it might be time for the president-elect and Congress to think seriously about imposing a gas tax or similar levy to keep gas prices up after the economy recovers from recession.

Americans did not buy enormous gas guzzlers just because Detroit marketed them relentlessly. They bought them because they wanted big cars — and because gas was cheap. If gas stays cheap, Americans would be less inclined to squeeze their families into a lithe fuel-efficient alternative.

Furthermore, even if the government managed to convert General Motors, Chrysler and Ford to the cause of energy efficiency, cheap gas could open the door for a competitor — Toyota, perhaps? — to take over the lucrative market for gas-chuggers, leaving Detroit's automakers eating dust once again.

Americans have flirted with fuel-efficient cars before only to jilt them when gas prices fell. In the late 1970s, for instance, they spurned light trucks as gas prices doubled. But as gas prices declined between 1981 and 2005, the market share of sport-utility vehicles, pickups, vans and the like jumped from 16 percent to 61 percent of vehicle sales in the United States.

The recent infatuation with the Toyota Prius and other fuel-efficient cars could well come to a similar end. It took a gallon of gas at $4.10 to push the share of light trucks down to 45 percent in July. But as gasoline plummeted back to $1.60 a gallon, their share inched back up to 49 percent of auto sales in November.

There are several ways to tax gas. One would be to devise a variable consumption tax in such a way that a gallon of unleaded gasoline at the pump would never go below a floor of $4 or $5 (in 2008 dollars), fluctuating to accommodate changing oil prices and other costs. Robert Lawrence, an economist at Harvard, proposes a variable tariff on imported oil to achieve the same effect and also to stimulate the development of domestic energy sources.

In both cases, the fuel taxes could be offset with tax credits to protect vulnerable segments of the population.

While oil prices are all but sure to rise again as the world emerges from recession, further tempering consumption with a gas tax would both slow the rise in the price of crude and steer more revenue from energy consumption to the United States budget, rather than that of oil-exporting countries.

A bitter recession is not the most opportune time to ratchet up the price of energy. But if the Obama administration is to meet its twin objectives of reducing the nation's dependence on foreign oil and cutting its emissions of greenhouse gases, it needs to start thinking now about mechanisms to curb the nation's demand for energy when the economy emerges from recession in the future.

This also would serve as a signal to American automakers and American drivers that the era of cheap gasoline is not going to last.

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