

Campaign promises

Priming the pump

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All three candidates promise to lower petrol prices

ACCORDING to a new poll by Public Agenda and *Foreign Affairs*, six out of ten Americans think reducing energy dependence will help national security "a great deal". They worry about global warming, too. But most of all they care about putting cheap petrol in their cars. So while all three presidential candidates talk a green streak about climate change, new fuels, cleaner vehicles and cap-and-trade, the immediate political imperative is to get the petrol price down.

The biggest promises so far came from Hillary Clinton in a speech on April 28th. She wants to suspend the federal petrol tax of 18.4 cents a gallon (3.8 litres) for the summer driving season, paying for it with a windfall tax on oil companies. She also wants to ban petrol-price "gouging" and go after "speculators" who, she says, are driving prices up. And she promises to haul OPEC before the WTO, and even before the American courts, for anti-competitive behaviour.

Some of her ideas would make a slight difference, such as pledging to stop adding oil to America's nearly full strategic petroleum reserve. Others will have almost no effect. Hitting oil companies with windfall taxes may generate revenue (to be used, Mrs Clinton says, for green technologies). But taxing oil companies could discourage exploration and investment, curtailing supply and driving oil prices up. As for gouging and speculation, those useful villains, it is unclear whether much of that is going on anyway; and, if it is, what effect it is having on the oil price.

The most obvious thing the government could do is to cut petrol taxes. Mr McCain promised a tax cut for the summer season even before Mrs Clinton thought of it. But this, of course, will encourage driving and send more profits to the oil companies and more fumes into the sky. Barack Obama opposes suspending the tax (though he joins Mrs Clinton in wanting a windfall tax on oil companies), saying it would save drivers only \$30 over the summer and would deplete the highway trust fund.

The nettlesome fact at the heart of the matter is that expensive petrol is not the problem. Historically cheap petrol is; it has encouraged what even George Bush has called an American addiction to oil. Until that addiction is cured, expect more unrealistic and inconsistent promises from every stripe of politician.