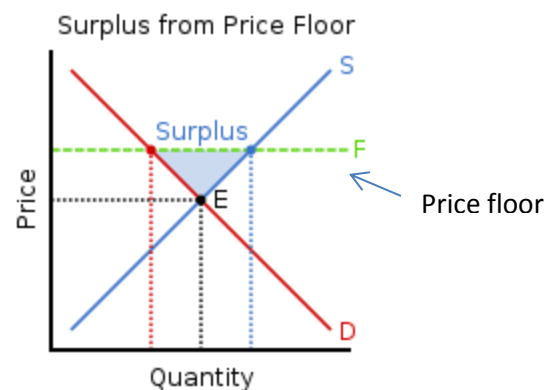


## Expensive Gas

After reading the article “Cheap Gas is a Bad Habit” I thought of a way how we could fix the US’s dependency on foreign oil. The article referred to how much oil spiked after hurricane Katrina and how the US can’t handle that type of quick inflation on a high demand product. One of the solutions that Robert Samuelson suggested was more people switching over to hybrid vehicles and increasing fuel efficiency in every possible vehicle. This is a good start but I feel that his idea needs to be expanded upon. I feel that imposing a price floor on the price of gasoline would lead to manufactures having to build more fuel efficient cars. This would also benefit the auto companies and alternative fuel research (Refer to graph below).

If we set a price floor on gasoline, for example let’s say \$3.75 is the price floor. If the price of gasoline drops below that, then the federal government would impose a variable tax to raise the price back to the original. If the price exceeds the price floor then the tax disappears. All of the money from this variable tax would go to the auto companies and alternative fuel research. This would lead to higher fuel efficiency and less dependency on foreign oil companies.

I feel that this needs to be implemented, because the US is much too dependent on other countries for fuel. The price floor on gasoline would lead to more fuel efficient cars. This would help the US in the short run. The long run solution is to find a way to create our own fuel. The price floor would contribute to both of these solutions. The variable tax will also contribute to the research and development for alternative fuels.



With the state the US economy is in right now, if there was cut off from foreign oil, gas prices would skyrocket and the economy would come to a screeching halt. The price floor's long term effect of increasing research and development into alternative fuels would lessen the blow of a possible cut off. The price floor has the possibility of creating a surplus of gasoline. This would also help lessen the blow of gasoline cut off.

This position seems to lean towards the Keynesian ideals. Normally I would oppose Keynesian methods but I feel that this is something that the government needs to control. In the long run, our dependency for foreign fuel would be nonexistent. This would lead to a much more stable economy. Americans would not need to fear about an instantaneous inflation that could destroy their very livelihood. A price floor on gasoline would lead to a cleaner environment, higher fuel efficiency, less consumption of foreign oil, and long term answers to America's fuel dependency on foreign countries.