

Stumbling and Mumbling

An extremist, not a fanatic

September 14, 2005

Against fuel protests

It looks like the planned fuel protests are dying on their arse. This is a rare triumph for justice and rationality. The protestors are wrong.

1. High oil prices are a diversifiable risk. The solution to the problem is not to whine like a child who's pissed his pants, but to have insured against it. To its disgrace, the Road Haulage Association has failed to take up my suggestion that it sell oil price insurance to its members. But it was easy for people to have bought shares in the many oil exploration stocks to have benefited from high prices. Anyone truly concerned about rising oil prices could have done this.

2. High oil prices are the market's way of telling us that oil is a scarce resource that we should economize on. If the Chancellor cuts fuel duties when prices rise, he's just distorting this signal. What's remarkable about petrol prices, even at £1 a litre, is how low they are - cheaper than orange juice, mineral water or coca-cola.

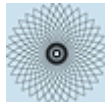
3. Given the state of government finances, a cut in fuel taxes means tax rises elsewhere; the Fuel Lobby should be called the Campaign for Higher Income Tax. And yet fuel taxes are a rare legitimate tax. They internalize externalities. Road users create pollution and congestion for others (I'm ignoring global warming). Fuel duties are one way - not the best, but the one we've got - of ensuring they pay these costs. And because the UK is a more crowded place than France, duties here should be higher than there.

Why should we give a toss about these protestors when there are so many legitimate complaints we could make about the tax system?

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cheaper than orange juice

You're not a buyer of Economy OJ, then?

Posted by: [Jarndyce](#) | [September 14, 2005 at 08:53 PM](#)



Petrol taxes are also a transfer of money from oil producing to oil consuming nations.

If we didn't tax so heavily, our oil consumption would look more like the USA, shovelling many billions more into the pockets of tyrants and despots everywhere.

Posted by: [EU Serf](#) | [September 15, 2005 at 02:55 PM](#)

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