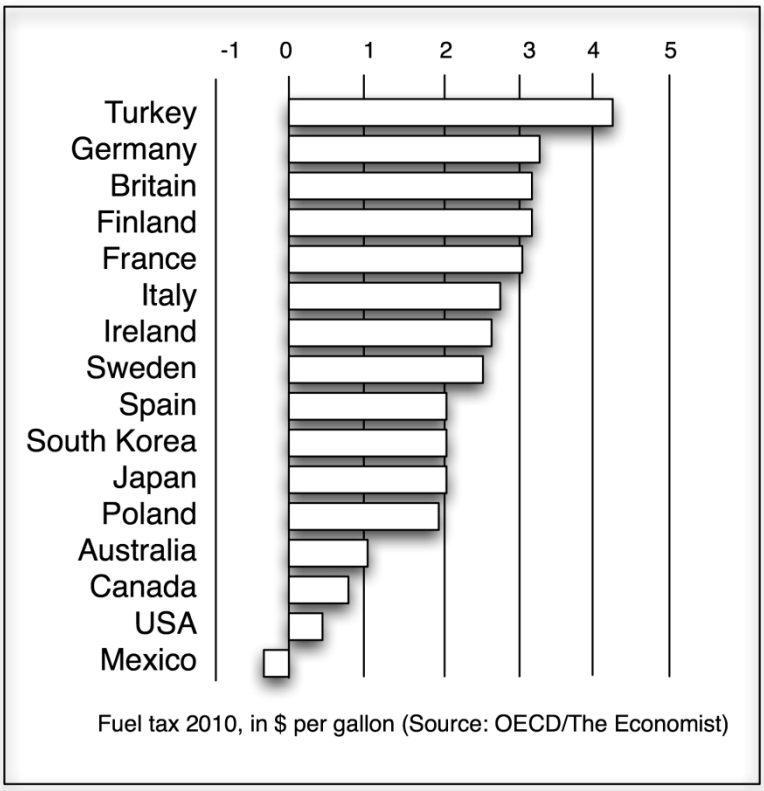
Pigovian tax topic. Please click and read the following article:

www.nytimes.com/2012/07/05/opinion/a-carbon-tax-sensible-for-all.html.

As shown in the chart below,[55] drivers in Turkey, Germany, Britain, Finland, and France pay more than $3.00 in tax per gallon of gasoline. Drivers in the United States, in contrast, pay less than .40 cents per gallon. Mexico is the only country to subsidize gasoline usage.



Of course, a flat-rate carbon tax imposed on the first dollar of carbon consumption (like other flat-rate consumption taxes) are regressive relative to income; the burden decreases as income rises, which is why some consider them to be less fair than income taxes. How regressive the adoption of a carbon tax (or an increase in gasoline taxes) would be is determined by which taxes would be reduced in a revenue-neutral adoption of the tax. If the revenue raised through the new carbon tax were used to reduce payroll taxes, for example, the distributional impact would be quite different than if the revenue raised were used to reduce, say, the corporate taxes or the estate tax.[56]

Other common Pigovian taxes are those imposed on cigarettes and alcohol. More recently, some have proposed imposing Pigovian taxes on sugared soft drinks in an effort to combat obesity. But regulation is a common alternative to Pigovian taxes in combatting negative externalities, and former New York City Mayor Michael Bloomberg famously proposed such a regulation, which would proscribe the sale of soft drinks larger than sixteen ounces by restaurants, sports arenas,

[55] Peter Uetz, June 2, 2012, at http://commons.wikimedia.org/wiki/File:Fuel_tax_in_OECD_countries,_2010..png. Attribution-Share Alike 3.0 Unported license.

[56] *See, e.g.*, Donald Marron & Eric Toder, THE TAX POLICY CENTER, *Carbon Taxes and Corporate Tax Reform*, at www.taxpolicycenter.org/UploadedPDF/412744-Carbon-Taxes-and-Corporate-Tax-Reform.pdf.