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Luft and Blankfeld: Wield the power of choice as a weapon against OPEC

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In the wake of rising food prices, Texas politicians like Gov. Rick Perry and U.S. Sens. Kay Bailey Hutchison and John Cornyn have demanded from the federal government a waiver from the renewable fuel standard (RFS) mandate for ethanol produced from grain. As leaders of a state that plays a major role in feeding America —Texas is the nation's top beef producer relying heavily on corn products for feed — their concerns are understood. That said, their call to suspend America's biofuels program is a hasty and misguided response which exaggerates the role of biofuels in relation to food prices.

Contrary to Texas politicians' claims, food prices have little to do with the biofuels program. Only 4 percent of world grain is being used in biofuel production so biofuels cannot be more than a tiny factor. The real causes of the rise in prices are changing diets among hundreds of millions of people rising from poverty, droughts, high energy costs and, as a recent Texas A&M study shows, an astronomical growth in speculation bidding up the price of agricultural commodities.

Another myth which deserves a decent burial is that increased use of biofuels takes land that otherwise would be used to grow food. This, as the case of Brazil shows, is a fallacy. The Brazilian sugar cane ethanol program has been one of the main contributors to the country's recent declaration of energy independence. Unlike Americans who can fuel their cars only with gasoline, made from $120 dollar oil, Brazilian motorists can choose to burn gasoline, ethanol or any blend of the two to power their flex fuel cars. Earlier this year, Brazil announced that 85 percent of the new cars sold in 2007 were flex-fuel. Of course, to support this great demand for flex-fuel cars, there must be a high-volume production of ethanol as well as an increasing volume of land used for sugar-cane production. Indeed, this is what happened: consumption of ethanol increased from about 3.5 billion gallons in 2006 to 4.4 billion gallons in 2007. The projected volume for 2008 is 6.4 billion.

Is all this coming at the expense of food production? That's not what the numbers say in Brazil. The most recent figures show that Brazil is moving towards a record-breaking year in crops production, with a 7.8 percent increase over last year, propelled not just by soybean and corn, but also rice, beans and wheat. Much more can be produced.

Sugar cane production in Brazil takes up only about 1 percent of the country's total arable land, comprised of close to 750 million acres. So there's plenty of land for both food and fuel.

The numbers for the United States are not that different. Only about 30 percent of America's 800 million acres of farmland are being used to grow anything so the acreage for either food or fuel cultivation could grow significantly. In the last five years, despite the nearly threefold growth of the corn ethanol industry, the United States corn crop grew by 35 percent, and the net corn food and feed product of the U.S. increased 26 percent. Overall the volume of U.S. farm exports grew by 23 percent in the past year alone.

Though America's farmers work hard to increase the acreage and yield of their fields, OPEC members sit on their hands, refusing to raise the acreage and yield of their fields. As a result, oil prices have quadrupled over the past five years imposing a heavy tax on every American.

Now that it is clear that land for fuel has nothing to do with the food crisis, rather than shut down alternative fuel programs, we need to augment them, to the point where we can pose a viable competition to the oil cartel. Our leaders need to follow Brazil's example and create the flex fuel standard required for competition in the transportation fuel market. Three years after requiring that cars sold in the United States be flex-fuel, a feature that costs less than $100 per car and enables vehicles to run on gasoline and a variety of alcohols (not just ethanol) made from a wide variety of feedstocks from crops to coal, there would be 50 million such cars on America's roads. At this point demand for gasoline, and therefore oil, would decrease, turning oil from a strategic commodity, which gives political clout to oil-rich countries, into just another commodity. Without such cars, the oil cartel will continue to be the only game in the transportation fuel sector. Heeding the calls of Perry, Hutchison and Cornyn to crack down on the biofuels program is the best gift we can give OPEC.

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