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Food vs. fuel a global myth

By Robert Zubrin and Gal Luft

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In recent weeks, a flood of reports and statements has claimed that the world's biofuel programs—in particular the U.S. corn ethanol effort—is starving poor people around the globe. Even the UN's special rapporteur for the Right to Food decried biofuel production as "a crime against humanity."

It seems so obvious: With so much corn being turned into fuel, food shortages must inevitably result, and biofuel programs must be the cause. However, that's completely untrue.

Here are the facts. In the last five years, despite the nearly threefold growth of the corn ethanol industry (or actually because of it), the U.S. corn crop grew by 35 percent, the production of distillers grain (a high-value animal feed made from the protein saved from the corn used for ethanol) quadrupled and the net corn food and feed product of the U.S. increased 26 percent.

Contrary to claims that farmers have cut other crops to grow more corn, U.S. soybean plantings this year are expected to be up 18 percent and wheat plantings up 6 percent. U.S. farm exports are up 23 percent.

America is clearly doing its share in feeding the world.

Agriculture is not a zero-sum game. There are 800 million acres of farmland in the U.S., and only about 30 percent of it is actually being used to grow anything. As a result of the ethanol program, the corn price received by farmers doubled over the last five years, causing a huge increase in the amount grown in terms of acreage and yield.

The increased demand for food from the hundreds of millions of people in China and India rising out of poverty and moving to a more calorie-rich diet affects the price of food the most. Second is the price of fuel.

Higher fuel prices increase the cost of production, transport, wages and packaging, the main cost of retail food. For example, a \$3 box of cornflakes contains 15 ounces of corn that cost 8 cents when bought from the farmer. So, farm commodity prices have almost no effect on retail prices. But the effect of oil price increases can be huge.

Which brings us to the real culprit: the Organization of the Petroleum Exporting Countries. This year, with OPEC-rigged oil prices exceeding \$100 a barrel, the U.S. will pay \$800 billion for its

oil supply, and the world as a whole will pay \$3.2 trillion. These figures are both up a factor of 10 from what they were in 1999 and represent a huge regressive tax on the world economy.

In this, biofuels have done more good than damage to the poor.

According to Merrill Lynch analysts, without biofuel programs, the price of oil would be about \$13 a barrel higher than it now is. A \$13 savings for each barrel could save the U.S. \$65 billion in foreign oil payments.

So, rather than shut down biofuel programs, we need to radically augment them, to the point where we can take down the oil cartel. Congress can make this happen by passing a law requiring that all new cars sold in the U.S. be flex-fuel vehicles that can run on any combination of gasoline, ethanol or methanol. The technology costs only about \$100 per vehicle.

By making America a flex-fuel vehicle market, we will effectively make flex-fuel the international standard. Around the world, gasoline would be forced to compete against alcohol fuels made from a number of sources, including not only commercial crops such as corn and sugar, but cellulosic ethanol made from crop residues and weeds, as well as methanol made from any kind of biomass, coal, natural gas and recycled urban trash. By creating such a fuel market, we can enormously expand and diversify humanity's fuel resource base, protecting all nations from continued economic bleeding and, indeed, in some cases, starvation. That, and not blindly accepting the naysayers' propaganda demanding the preservation of the oil monopoly, should be our course.

Robert Zubrin is the author of "Energy Victory: Winning the War on Terror by Breaking Free of Oil." Gal Luft is executive director of the Institute for the Analysis of Global Security. They are members of the Set America Free Coalition.