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## **Rising food prices? Can't blame ethanol**

By John Block

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With food prices rising worldwide, some self-styled authorities on agriculture are claiming that producing ethanol in the Midwest causes food riots in the Middle East.

Their story is simple: Biofuels are gobbling up the grains that would otherwise be used to feed the world's poor. Just limit the production and use of ethanol and — presto! — food will be abundant, affordable and available all across the globe.

But this theory of food-versus-fuel flies in the face of four facts:

First, U.S. ethanol production uses only about 3 percent of the world's grain supply. Moreover, that 3 percent consists of feed grains, largely corn for livestock. The food grains that people actually eat — mostly rice and wheat — aren't affected by biofuels production.

Second, about a third of the corn used for ethanol becomes a co-product: livestock feed for cattle, poultry and hogs. Last year alone, the U.S. exported 9 million metric tons of these distillers grains, corn gluten feed and corn gluten meal to nations around the world, including Egypt.

Third, volatile energy costs are the real drivers of all consumer prices including for food. Energy impacts every facet of food production from growing the crops to processing the food to transporting it to market. These factors explained why food prices soared in 2008 and are rising right now. Imagine where oil and gasoline prices might be were it not for ethanol comprising 10 percent of the gasoline market today.

Fourth — and most important — American farmers are increasing their productivity. Ethanol's demand for corn has grown dramatically during the past decade. But so has the crop of corn produced by American farmers.

Because of productivity improvements, American farmers are growing more corn than ever, with the highest average yield per acre anywhere in the world, at any time in human history. From 1977 through 2007, U.S. corn acreage increased slightly, to 93.6 million from 84.3 million. But corn production more than doubled, to 13.1 billion bushels from 6.5 billion. In fact, crop yields have increased so spectacularly that the majority of the corn used for ethanol comes from gains in efficiency and growth — not from cropland expansion.

Even last year, in spite of adverse weather conditions, American farmers produced the third largest corn crop in history. Meanwhile, the U.S. ethanol industry produced a record 13 billion gallons of the biofuel, replacing some 445 million barrels of imported oil and supporting more than 400,000 jobs that can't be outsourced.

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In large measure, American agriculture's increased productivity results from ethanol production. In addition to promoting energy security, one reason for developing a domestic ethanol industry was to provide farmers with more income from the private marketplace and fewer subsidies from the federal government.

Now that corn is no longer priced below the cost of production, farmers are developing more efficient ways to grow more grain at lower costs.

In tandem with advances in agriculture, the ethanol industry keeps developing new ways to use less water and energy and produce more livestock feed as a byproduct of biofuels.

Far from biofuels stealing food from hungry humanity, the world's food crisis would be much worse were it not for the innovations that the ethanol industry has encouraged in American agriculture. Continuing these innovations, U.S. biofuels companies are developing new ways to produce fuels from feedstocks ranging from grasses and corn stalks to wood waste, municipal solid waste and algae.

That's why, when it comes to feeding and fueling the world, ethanol is part of the solution, not the source of the problem.

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