



**The Lugar Energy Initiative**

Driving the Future of Energy Security

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## It's unfair to single out ethanol as cause of food crisis

By Senator Richard G. Lugar  
as published in the *Indianapolis Star* on May 22, 2008

Food scarcity and steep price hikes have hit the globe with devastating force. The Food and Agriculture Organization estimates that people in nearly 40 countries are facing food shortages and social unrest because of soaring food costs and decreased availability of such staples as rice, wheat, corn and soybeans.

Even in countries without shortages, people are struggling to keep up, with food taking an ever-larger share of their incomes. Many of the recent advances made in alleviating global poverty could be wiped out by the double blow of high food and energy costs.

The current crisis was produced by a complex web of factors: increased demand for food from growing and wealthier populations in emerging economies, soaring energy prices, droughts in key food exporting countries, panic buying, cutoffs in grain exports by major suppliers, market-distorting subsidies, a tumbling U.S. dollar, and aggressive commodities speculation, just to name a few.

Yet some critics have singled out one of America's major efforts to improve energy security, using corn to make ethanol, as the primary culprit in the food crisis. They have called on Congress to scale back, or even halt, corn ethanol production. They say, in effect, it is wrong to put food in our gas tanks, and that we must choose between feeding the hungry or producing biofuels.

This is a false choice. The rise in corn is a minor factor in the overall food price spike, and the costs of other grains that play no role in fuel production have also soared.

The facts are these: U.S. corn prices rose by 37 percent in the past year through March, wheat prices by 123 percent and rice by 36 percent. Of the total 43 percent rise in global food costs, the corn price rise accounts for only 1.2 percentage points, according to Edward Lazear, chairman of the White House Council of Economic Advisers. In the U.S., food prices rose 4.5 percent. Without ethanol, Lazear told a recent press briefing, they would have risen 4.25 percent.

In exchange for a minimal bump in food prices, the U.S. has made valuable first steps with corn toward establishing an ethanol infrastructure that can offer an alternative to gasoline. An energy policy to end the over-reliance on oil imports is not optional, it is a national security imperative. Cutting ethanol production now would strangle in the cradle our nascent energy security efforts, leaving us even more vulnerable to high oil prices that are hurting the economy and to the political whims of governments that control 80 percent of world oil reserves.

*...We need energy security and food security, continued*

The skyrocketing price of crude oil, which has topped \$120 a barrel, hits Americans at the grocery store as well as the gas pump by boosting the cost of fertilizer, food packaging and transportation. Our nation embarked on the biofuels program because we recognized the economic, foreign policy and environmental dangers of relying on foreign supplies, which meet 60 percent of our transportation needs and cost Americans \$319 billion last year. The consequent enrichment of foreign governments hinders our efforts to end the genocide in Darfur, stop Iran's nuclear program, combat terrorism or bring peace to the Middle East.

Corn ethanol has started us down a different energy path by offering motorists an alternative fuel. Where it is available, E-85, a blend of 85 percent ethanol and 15 percent gasoline, lately has cost a dollar a gallon less than gasoline, enough to offset ethanol's lower energy content. Ethanol accounted for 5 percent of our gasoline consumption last year.

Today's food and energy crises highlight the need to push our biofuels effort to the next stage. Government policies should encourage alternatives without unneeded subsidies. We need to have virtually every new car in America capable of running on high ethanol blends, and to build a comprehensive network of ethanol stations and distribution systems.

Corn is the foundation upon which we can build this biofuels infrastructure, a necessary condition to hasten the commercialization of cellulosic technology, which promises abundant, cheap ethanol from nonfood sources like switchgrass or forest wastes.

Add in the climate impact of our oil addiction, and it is clear this is no time to abandon our biofuels energy strategy. Instead we should address the root causes of the food crisis -- under-investment in agricultural productivity, Europe's unfounded opposition to genetically modified seeds that dramatically increase yields, the protectionist world agricultural trade system, and harmful farm subsidies by Europe and the United States.

We need energy security. We need food security. We can have both.