



Biofuels Are Worth Every Effort and Cost

Marc J. Rauch

AUTO CENTRAL - July 24, 2012: Newsmax.com published an anti-ethanol article today that was originally published by The Washington Times, written by Richard W. Rahn.

This is the kind of story that really puzzles us (we know the answer, but it's still very puzzling) because it was written by someone who purports to be pro-American and pro-capitalism; and it's published by two media outlets that also purport to be staunchly American and capitalist, but then they take this very un-American position. The Newsmax.com story can be found [HERE](#)

The following is my response to Richard Rahn:

Hi Richard –

I just finished reading your article, “Biofuels Not Worth the Trouble or Cost” on Newsmax.com.

As with the positions taken by your bloated colleague, er, I mean noted colleague at Cato Institute, Jerry Taylor*, I shook my head in bewilderment over how you arrived at your conclusions in the article. It seemed to be written by someone who either has absolutely no idea what he is talking about, or it was written by someone in the employ of the petroleum oil industry. (Hopefully after reading my letter you'll be able to enlighten me as to which you are.)

I did what I normally do after becoming acquainted for the first time about someone or something, and that is that I researched your name. I read that you're an esteemed economist, that you served as member of a national monetary authority, and that you are an economics professor. While I would agree that those credentials might entitle you to comment on how someone else accomplished a real goal, or to guide students through a curriculum that studies processes, it is not the credentials that would allow you to understand what the whole biofuel picture is about.

In my opinion, in order to understand the dynamics of what you attempted to explain, you would have needed true business experience. Perhaps, somewhere in the darkest recesses of your background you may have tried to sell lemonade as a child to your neighbors; or perhaps you flipped burgers during your high school summer vacations and you started to get an understanding of what business and supply and demand is really about. But if you did, then you got lost when you entered academia and you became just another zombie-economist prattling on about chalkboard business formulas and equations that mean nothing in the real world.

Almost all manufacturers manufacture products that they believe will make them the most amount of money. This is actually the key to the entire capitalist system. I shouldn't have to point this out to you since Cato Institute is supposed to be a bastion of capitalism and free market economy. Unfortunately your article seems to indicate that you don't understand this principle. Therefore, before you continue reading this letter, you may wish to consult with your other colleagues and confirm that manufacturers do, indeed, try to manufacture products that will make them the most amount of money.

In the meantime, I'll wait and look up some baseball scores.....

Okay, I found out the latest Yankees score and we should be ready to continue.

Farmers are like manufacturers. The only difference is that they “manufacture” food items instead of refrigerators or cars or television sets. But, they have the exact same underlying goal: grow or produce items that will make them the most amount of money. If a farmer, because of environmental or geographical reasons can make more money growing apples than potatoes, the farmer should and would probably grow apples. This is not rocket economics (to coin a term) it is just basic business.

Consequently, if a farmer can make more money growing corn than apples, why shouldn't or wouldn't he do that?

According to your article, farmers are villains for choosing to grow more corn than other products. You don't portray them as savvy businessmen, you make it seem like they are greedily out to hurt people. What the heck is up with that?

And if the U.S. government should happen to provide some financial inducement for a farmer to grow corn, as opposed to some other produce, why is it wrong for a farmer to take advantage of the financial inducement? Would you vilify a building construction company for seeking government [housing](#) contracts during the national home-building depression? No, I don't think you would, so why not use some good old common sense in evaluating the decision/reason to grow corn?

By the way, I presume you noticed that I haven't even addressed...yet...the central point of your article, that biofuels are "Not Worth the Trouble or Cost." I now turn my attention to dealing with your misinformed statements about biofuels, but I wanted to point out that since you can't even understand the most basic economic issues, then you are not competent to evaluate the value of biofuels.

In any event, you wrote:

"The argument for mandating ethanol in motor fuel was to help make the United States energy-independent and reduce carbon-dioxide emissions. Now the inconvenient facts:

- Recent studies show that the total carbon-dioxide emissions from growing, harvesting, processing and burning corn as ethanol are much greater than those from oil and gas production and use.
- Ethanol reduces gas mileage in cars because it is less energy-dense than gasoline, and it causes more wear and tear on engines.
- Without subsidies, ethanol is more costly than oil and gas. "

Now, the facts about your "inconvenient" lies:

- Recent studies do not show that the production and use of ethanol creates more carbon-dioxide emissions than the production and use of gasoline. Stories circulated by the oil industry have attempted to dissect the entire process of both fuels and then cherry-pick certain elements of gasoline production/use and compare them to cherry-picked elements in ethanol production/use in which they may appear favorable. However these are even necessarily "recent" stories, but simply re-worked lies and misinformation that the oil industry has circulated for decades.

- To say that ethanol reduces mileage in cars because it is less-energy dense than gasoline is ludicrous and preposterous. Energy density has nothing to do with why there is a difference in mileage. The typical spark-induced internal [combustion](#) engine will get better mileage using gasoline because the engine is optimized to run on gasoline. If the engine was optimized to run on ethanol, it would get at least the same mileage, with more power.

In order to optimize an engine for either ethanol or gasoline there are three key components: the fuel injectors used, the [timing](#) of the spark, and the length of the piston stroke. None of these three components rely on "energy-density." The argument of energy-density, which is predicated upon BTU-ratings is not relevant to internal combustion engines. BTUs are a good measure for steam-powered engines.

- Ethanol does not cause more wear and tear on engines, it helps them to run more smoothly. It is why ethanol must be added to gasoline – without it, or poisonous lead, the engines would shake apart from the knocking (I assume you've heard of engine knock).

Ethanol [cleans engines](#). It removes the gunky deposits that form in gasoline-powered engines.

- Ethanol costs less than gasoline. Even without pump subsidies, E85 costs less than gasoline. Additionally, in most cases, even when taking into account any reduction in mileage from using E85 in a gasoline-optimized engine, the lower cost for [E85](#) makes up for the reduction in mileage. Therefore, there is a net advantage for the consumer.

Furthermore, since ethanol can be produced by anyone, anywhere, from a very wide assortment of raw materials that can cost as little as zero, ethanol will always be easier and cheaper to produce than gasoline... until and unless the oil industry can get the government to make alcohol production illegal, again. I hope you are not an advocate for probation.

However, Richard, the real issue is not even price related. The real issue is being independent from foreign interests who control our energy and our economy. If you do not support the idea of a New World Order in which the members of the United Nations tell us what to do, then how can you support an Oil World Order that controls us.

Put in its simplest terms: I'd rather have my fuel money go to American farmers than foreign terrorists!

I don't know what branch of Libertarianism you guys at Cato Institute practice, but it is certainly not pro-American Free Market Capitalism.

I challenge you to respond to this letter. I dare you to step up to the plate and take a swing. You don't need two good eyes to see the truth. Heck, you don't even need one.

You're up!