



Cruz Committing Regicide Against King Ethanol in Iowa

Doug Bandow

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Until now conventional wisdom assumed that candidates of both major parties had to back ethanol welfare to win the Iowa caucuses. When Sen. John “Straight Talk Express” McCain ran, he flip-flopped on ethanol, proclaiming himself a true believer in the subsidy after criticizing it as “highway robbery.” Sen. Hillary Clinton attacked ethanol welfare as “equivalent to a new tax” on gasoline; candidate Clinton lauded the fuel for “limiting our dependence on foreign oil.”

At least in Iowa, which accounts for a quarter of ethanol capacity, corn, like cotton in the antebellum South, is king. Most of today’s candidates have fallen into line. For instance, Florida’s Sen. Marco Rubio, a big fan of the sugar program, which enriches growers from his state, has embraced ethanol subsidies.

However, Sen. Ted Cruz has broken ranks to criticize farmers’ welfare and he holds a narrow lead over Donald Trump in the upcoming caucuses. (So does Sen. Rand Paul, but he remains far back in the race.)

Cruz’s political strength has dismayed ethanol makers. Gov. Terry Branstad forthrightly says he wants to defeat Cruz.

Moreover, the group America’s Renewable Future, whose state director is the governor’s son, is deploying 22 staffers in the presidential campaign. The lobby doesn’t want to look like a paper tiger.

Ethanol subsidies once included a high tariff and generous tax credits, both of which expired at the end of 2011. However, the Renewable Fuel Standard, which requires blending ethanol with gasoline, operates as a huge industry subsidy. Robert Bryce of the Manhattan Institute figured the requirement *cost drivers more than \$10 billion since 2007.*

Ethanol is a political creation. Mark Perry of the American Enterprise Institute called it “an inferior fuel that damages automobile engines and fuel systems.”

Three decades ago the Agriculture Department admitted that ethanol could not survive “without massive new government assistance,” which “cannot be justified on economic grounds.” What other reason could there be for an ethanol dole?

Petroleum became the fuel of choice for economic reasons: it was the most cost-effective energy source available for transportation, in particular. Ethanol has only about two-thirds of the energy content of gasoline. Given the energy necessary to produce ethanol—fuel tractors, make fertilizer, and distill alcohol, for instance—ethanol actually may consume more in fossil fuels than the energy it yields.

The ethanol lobby claims using this inferior fuel nevertheless promotes “energy independence.” However, ending imports wouldn’t insulate the U.S. from the impact of disruptions in a global market. Moreover, the price of this energy “insurance” is wildly excessive.

Bryce figured that “Since 1982, on average ethanol has cost 2.4 times more than an energy-equivalent amount of gasoline.” In some years the former was three times as expensive.

Last year Terry Dinan of the Congressional Budget Office told House members that “the marginal cost of reducing gasoline consumption by one gallon through substituting corn ethanol” could run as much \$3.20. With the U.S. likely to become an oil exporter, the call for energy independence makes ever less sense.

By creating an artificial energy demand for corn—40 percent of the existing supply goes for ethanol—Uncle Sam also is raising food prices. This obviously makes it harder for poor people to feed themselves, and raises costs for those seeking to help them.

Nor does ethanol welfare yield an environmental benefit, as claimed. In fact, ethanol is bad for the planet.

Two years ago the Intergovernmental Panel on Climate Change warned that “Increasing bioenergy crop cultivation poses risks to ecosystems and biodiversity.” Scientific American’s David Biello pointed to fertilizer run-off from cornfields which created “vast oxygen-deprived ‘dead zones’ in the Gulf of Mexico.”

Jerry Taylor and Peter Van Doren of the Cato Institute also cited research which, after taking “evaporative emissions” into account, determined that ethanol mixed with gasoline “actually increases emissions of total hydrocarbons, non-methane organic compounds and volatile toxins.” Moreover, additional land used for corn production means “more water pollution, less water for other uses, and more ecosystems destruction.”

What of combating climate change? One study estimated a drop of between one and five percent in greenhouse emissions from the blended fuel, which makes the cost extraordinarily high.

Other reviews don’t even find this reduction. Princeton’s Timothy Searchinger told Biello: “We can’t get to a result with corn ethanol where we can generate greenhouse gas benefits.”

Similarly, warned Dinan: “replacing gasoline with corn ethanol has only limited potential for reducing emissions (and some studies indicate that it could increase emissions).”

Give Ted Cruz his due, ethanol appears to an issue on which he put principle before politics. Whatever one thinks of his presidential ambitions, we all would benefit if Iowans engaged in regicide against King Ethanol.

Doug Bandow is a Senior Fellow at the Cato Institute. A former Special Assistant to President Ronald Reagan, he is the author and editor of several books, including Foreign Follies: America's New Global Empire (Xulon).