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## The tax deal's corn-lobby kickback

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When Al Gore drops an environmental fad, it has truly reached its expiration date.

In his wisdom, the Goracle recently acknowledged what almost all disinterested observers concluded long ago: Ethanol is a fraud. It has no environmental benefits, and harmful side effects. The subsidies that support its use are an object lesson in the incorrigibility of Washington's gross special-interest politics. It is the monster that ate America's corn crop.

"It is not good policy to have these massive subsidies for first-generation ethanol," the former vice president and Noble Peace Prize recipient said, referring to corn-based ethanol. He called the fuel "a mistake," and confessed one reason he fell so hard for it is that he "had a certain fondness for the farmers in the state of Iowa." These farmers vote in the First in the Nation caucuses and practically insist that their favored presidential candidates drink ethanol at breakfast and hail it as the nectar of the gods.

Gore's ethanol apostasy is a symptom of a left-right coalition that has arisen to expose the former wonder fuel. (The Gore of old insisted that "the more we can make this home-grown fuel a successful, widely used product, the better off our farmers and our environment will be.") But common sense, even cross-ideological, bipartisan common sense with all the evidence on its side, is no match for Congress' boundless appetite for expensive favors for powerful lobbies and constituent groups.

Tom Harkin and Chuck Grassley, the Democratic and Republican senators from Iowa, stand at the doors of Congress declaring: Ethanol now, ethanol forever. They have graced the Obama-McConnell tax bargain with an extension of a tax credit for ethanol that costs about \$6 billion a year, and with an extension of a tariff on ethanol imports. Ethanol is so uneconomical that Congress supports it three different ways -- with a mandate for its use, a tax credit to subsidize it and a tariff to keep out competitors. Rarely are so many levers of government used to prop up one woeful product.

During the last decade, ethanol enjoyed a good run as a notional part of the solution to global warming. Then, environmentalists began to realize it might actually *increase* greenhouse emissions. Ethanol releases less carbon dioxide per gallon than gasoline. Once the emissions necessary to convert land to corn production and then grow and process it are taken into account, though, ethanol doesn't look so green anymore.

So much corn -- about 40 percent of the US crop -- is feeding into the maw of government-created demand for the fuel that it could be increasing world-wide food prices. In short, in exchange for not reducing greenhouse emissions, ethanol reduces the availability of food to the poor.

The multiple layers of subsidization have their own perversity. Since there's already a mandate to blend ethanol into gasoline, the tax credit is giving away money for something that would happen anyway. Environmental groups say this pads the bottom line of Big Oil. Harry de Gorter of the free-market Cato Institute has a more complicated take -- the subsidy decreases the cost and therefore the price of gasoline, effectively subsidizing its consumption. Your Congress at work.

But who cares about the facts? Once we have fired up a vast machine that from cornfield to distilleries produces 38 million gallons of ethanol a day, it will be nearly impossible to turn it off. Too many people will have a vested interest in continuing the scam, and its supporters -- like Harkin and Grassley now -- will always argue that any change is too disruptive. We'll still be mandating ethanol long after the internal-combustion engine is obsolete.

The ethanol experience should counsel against blithely creating new government-supported industries on the basis of dubious promises of cost-free environmental benefits. Judging by the tax bargain, festooned with all manner of other green subsidies and credits, it's a lesson ignored. In Washington, the boondoggles may lose their luster, but they never die.

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