

## Why Ethanol Is as Much Problem as Panacea

Written by

Tuesday, 18 July 2006 22:34

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The article this sidebar accompanies is less about ethanol than it is about government encouraging agricultural practices that aren't sustainable and do more harm than good to communities. Author Kamyar Enshayan argues that the federal government, in particular, should divert some agricultural subsidies into re-building sustainable local economies. Championing ethanol as the savior of the Midwestern farm, he claims, is a losing proposition.

To be clear, Enshayan said that ethanol is superior to gasoline in terms of its desirability as a source of energy. "Gasoline is terrible," he said. But he added that conservation and other options aren't being considered as alternatives to ethanol and gasoline. "We're in an addictive situation," he said of the United States' energy consumption. "What do we do to get out of it?"

Ethanol is problematic for a number of reasons.

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For one, there's significant question about ethanol's efficiency in terms of how much energy it takes to produce it. In a widely cited paper last year, researchers David Pimentel and Tad Patzek wrote: "Ethanol production using corn grain required 29 percent more fossil energy than the ethanol fuel produced." In other words, they claimed that ethanol production actually *depletes* fossil-fuel resources instead of preserving them.

That research has been criticized for its methodology. The abstract of a January 2006 article in *Science* rebuts: "Studies that reported negative net energy incorrectly ignored co-products and used some obsolete data."

A 2004 U.S. Department of Agriculture report ([http://www.usda.gov/oce/reports/energy/net\\_energy\\_balance.pdf](http://www.usda.gov/oce/reports/energy/net_energy_balance.pdf)) took into account some criticisms of past methodologies and concluded that, depending on the milling process, ethanol production creates 2 to 10 percent more energy than it uses. When "coproducts" are considered - basically animal feed that is a byproduct of making ethanol - the energy return ranges from 57 percent to 77 percent.

As *Car & Driver* summarized in an extensive primer on ethanol (<http://www.caranddriver.com/features/11174/tech-stuff-ethanol-promises.html>): "There is no academic agreement on this point, and small differences in assumptions can profoundly alter the conclusions."

"This has really become the flat-earth debate of the 21st Century," said Monte Shaw, executive director of the Iowa Renewable Fuels Association, regarding the question of energy efficiency. He also dismissed concerns about the subsidies for ethanol, noting that the oil industry is heavily subsidized. "Why would you not provide an incentive for a domestic, renewable, clean-burning fuel?" he asked.

Yet no one disagrees that corn-based ethanol is not the most efficient way to produce energy from agriculture. Other plants - including soybeans, sugarcane, and switchgrass - can be converted into ethanol with less energy than corn.

The assumption of federal and state farm policy is that by making liquid fuel out of corn, the United States farm economy benefits through higher commodity prices. And isolated from other

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variables, it would. David Miller, director of research and commodity services for the Iowa Farm Bureau, said that if supply is stable, each 100 million bushels of new uses for corn increase prices by 4 cents a bushel.

The trouble is that over the past 30 years, corn production has basically doubled, mostly because of technological advances. So instead of corn prices rising 80 to 90 cents over those three decades because of more than 2 billion bushels of corn being used for ethanol - roughly 20 percent of current corn production - prices have been steady.

Miller said that ethanol has basically allowed farmers to tread water when it comes to crop prices. In essence, if ethanol didn't provide an alternative use for corn, crop subsidies would need to be even higher, he said, or land-idling programs would need to be put into place to depress the supply.

Unless ethanol demand begins requiring incremental corn production in excess of natural growth, farm subsidies will never go down. It's unlikely, in other words, that ethanol will ever be able to stand on its own in the marketplace, without crop subsidies or blender incentives (currently 51 cents per gallon).

Don't tell that to farm-belt lawmakers, though. When House File 2754 was considered by the Iowa legislature this year - creating new ethanol incentives and setting a state target of 25-percent renewable fuel by 2020 - it passed by margins of 97 to 1 in the House and 49 to 1 in the Senate.