



Is Corn Ethanol a Dirty Word?

By Joel Velasco

With the release of two Senate "Dear Colleague" letters in roughly 24 hours, Washington is much abuzz about ethanol policy. Yesterday saw a bipartisan letter from Senators Dianne Feinstein (D-CA) and Jon Kyl (R-AZ) calling for an end to the ethanol tariff and subsidies – signed by 17 Democrats and Republicans across the country. Today came the farm belt's response – a counter letter from Senators Charles Grassley (R-IA) and Kent Conrad (D-ND) urging an extension of the existing policies this year. 13 others joined Grassley and Conrad.

Here's some food for thought after comparing both letters.

* The Grassley-Conrad letter strikingly omits even one mention of the word ethanol – let alone corn ethanol! It seems as if the Senators are embarrassed or have something to hide. Corn ethanol should not be a dirty word, but its subsidies and trade protection should.

* The geographic distribution of support is equally striking. As you'll find in the image below, support for eliminating the tariff and subsidies runs from coast to coast, representing about 85 million Americans and 30% of the American economy. On the other hand, calls to extend these two policies come almost exclusively from the farm belt states that represent 38 million Americans and 12% of our economy.



Last but not least, 17 is simply greater than 15! And with recent news that George LeMieux (R-FL) and Jim DeMint (R-SC) are also against continuing the costly subsidy and trade protection, opposition in the Senate is actually even higher. Despite this



majority, the corn ethanol industry is desperately seeking to attach the renewal to a tax package that could see action before the lame duck concludes. Hopefully the surge in momentum against this possibility will keep it off the books once and for all.

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