

# Corn-to-Ethanol: US Agribusiness Magic Path To A World Food Monopoly

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Eight years of Biofuels (ethanol) policy and legislation has cemented in place the first world wide food cabal, which promises a humanitarian disaster, a famine more serious than those caused by any tsunami, earthquake or drought. This crisis is not in the dim future, it is here.

Congress has, in a series of acts passed in this millennium, handed the perfect monopoly to what appears to be few giant agribusiness companies that already have enormous economic power, but which may be a much broader cabal.

If you can afford \$6.00 a gallon for milk, \$4.00 for a loaf of bread and still have money left over for a \$50.00 steak at Outback, you may be prepared for 2008, but what about the future? Even if you and I may think we are prepared financially to buy food, whatever the cost, we must have concern for the billion souls who are not and who are condemned to starvation by the corn-to-alcohol conversion scheme.

Subsidies do not make the giant agribusiness firms criminals, only opportunists. Their Public Relations distortion about the value of grain alcohol as fuel is criminal. Congressmen are the real cheats, for they could acknowledge this if they wanted to, but they do not, so they share in the crimes—grand theft and murder by starvation. This being a “Christian” society, it falls to those who heed Jesus Christ’s repeated admonitions to feed the needy and protect those who cannot protect themselves to stop corn-to-alcohol conversion. Make no mistake this is a moral issue.

Many of us Americans still think we have a layer of financial fat and can afford a doubling or tripling of food costs without going hungry. Not so in the third world, and with some in America as well. A friend reminded me, “Meat is not good for us anyway.” Some would not mind giving up meat sometimes, but in Darfur or Uganda, there may be no meat or luxury foods to give up. When the price of rice or corn, or beans rises suddenly by a third or half, many will go without. This recently happened in Mexico City with corn tortilla shells; in the third world, the price of corn may be the difference between life and death. Commodity markets are now world markets, when price of corn rises in Chicago the impact is felt in India and Russia.

## Engineering a food monopoly

Political leaders of both parties have appropriated billions of dollars to subsidize major agribusiness corporations to destroy food; the latest appropriation was \$14 billion. They call the process “bio-fuel” or ethanol production, but because the amount of fuel produced is less than the amount of fuel it takes to produce it, the only correct term for the process is systematic destruction of the food consumed in the process. Agribusiness giants include

Archer Daniels Midland, whose income was \$44 billion last year, are subsidized to burn up America's surplus food (mostly corn), while they carry out their principle business, marketing the remaining food which is made more scarce, expensive, and profitable in the process. Congress has created over us the first nearly foolproof, open-ended, food monopoly. This financial scam is too big and too well sheltered not to come from the highest level of banking and politics.

Corn is the most abundant readily storable and amazingly cheap basic foodstuff, and it is being wasted in an age when millions of grain eaters face starvation for lack of vegetable calories. Darfur is only one of many well-publicized examples in central and southern Africa where corn (maize) is a staple but will not grow because of a water shortage. Darfur needs imported grain, not occupation...food and water will solve its problem armies can. But when the price of commodities go up the quantity of gifts to the poor go down simply because we all define what we give in dollars, not pounds of food, and our dollars buy less food.

The corn-to-alcohol scheme may well be the largest single financial crime of all time in its impact on people. Its cost to consumers in higher food prices, disregarding the direct subsidies, will exceed the total cost of the so-called war in Iraq, plus the cost of the escalated oil prices. It will dwarf the cost of every war, going back and including Vietnam and World Wars II and I. It will even exceed the cost of the oil increase to \$81.00 per barrel. There cannot be a bigger issue than food. No problem in America comes close to it in importance, because no one can escape depending on food for survival — and we are talking about doubling or tripling its cost of basic grain commodities on which the non-rich survive.

The problem we will expose in this brief paper is not a natural one like drought, tidal wave or earthquake. It is totally man-made for the profit of a few, and it is based on a preposterous, proven lie—that ethanol is a good fuel to burn in autos. The Ethanol subsidy is “take from the poor and give to the rich,” scheme. A humanitarian food crisis is a moral issue requiring us to act in the interest of those who cannot act for themselves. Men of faith should lead.

The perpetual ethanol boondoggle started with laws passed by Congress to subsidize the fermenting of corn and other foods to create grain alcohol, which was supposed to burn in cars instead of fossil fuel to reduce “global warming” and to save precious natural fuel, or so we are told. It is every bit as evil a scheme as if it forced all of us to drink the 13 billion gallons of “white lightning” now being produced from corn in America. (1)

Ethanol, known as grain alcohol, was in a diluted and impure form called “moonshine” or “white lightning” in the long past years called “Prohibition.” Ethanol has many chemical uses and certain medical properties, but a fuel to run autos it is not, poor in performance, expensive to make, difficult to transport, all well documented by qualified scientific experts.

We will introduce a few whose scientific works explain that corn to ethanol has been an unworkable scam from the very start and exists only because consumers are forced to subsidize it. Those who predicted that ethanol was an economic farce and it would never be economical have been vindicated. What too few foresaw was how bio-fuels were in fact a scam to bring basic food commodities under monopoly price control.

We Hold These Truths believe rising food costs and controlled and engineered world famine may well be a planned results of ethanol legislation. Our conclusions are not based on

complex scientific evidence, though such evidence has been available for years, and is too obvious to have been overlooked at the top. Common sense and the simple laws of the marketplace are our guides, and there is no better place to begin than at the filling station.

If you look at the gas pump, you'll see a little sign: "Contains 15% (or 10%) ethanol." So, if your tank holds 20 gallons and you fill it for a total cost of \$50.00, three of the 20 gallons you pump into the tank are grain alcohol made from corn. One study tells us the subsidy to those who make ethanol cost taxpayers \$2.21 per gallon of fossil fuel replaced, or \$6.63 for three gallons. (The lowest estimate of direct subsidies we find is \$.51 per gallon, or \$1.53 for your three gallons of alcohol.) This subsidy is over and above the \$7.50 you pay for the three gallons of alcohol you pumped into your tank, which will not take you as far as the fuel farmers burned to raise the corn that went into the alcohol! No wonder agribusiness wants to build more plants and distill more corn into alcohol. The three gallons of ethanol are distilled from about 70 pounds of corn that would otherwise have been converted into beef, chicken, eggs, milk, pork or catfish. Corn would and does sustain human life quite nicely as a main staple for those who cannot afford meat, eggs, or milk.

USA Agribusiness already claims to have the capacity to produce about 13.5 billion gallons of ethanol, which will result in the destruction of over 5 billion bushels of corn. Its capacity is skyrocketing, because the more corn agribusiness destroys, the more subsidies they "earn". Agribusiness spokesmen have voiced plans to consume 25% of the country's approximate 1.4 billion bushel corn harvest; the price of corn in the marketplace clearly tells us the scheme has already effectively dried up most of the corn reserves...it is likely that we will discover that there are no longer significant grain reserves in the USA.

### **Starvation is the issue**

Grain alcohol, or "white lightning" as it was once called, is reputed to have driven many to insanity. It is your author's terrible vision that the monopoly created to make it will drive many Americans out of the middle class, and it will condemn many millions of third world children to starvation. Huge as the subsidy to grain alcohol distilling is, it is only the tip of a much bigger iceberg; it is this hidden effect that concerns We Hold These Truths—the impact on world food availability, an issue rarely discussed. The enormous, unjustifiable subsidies to agribusiness may not bring famine, but the food shortage that results from food burning for profit will bring famine and slow starvation. Those who have food will control those who do not. This shortage of food will profit agribusiness just as the shortage of oil from the shutdown of Iraq is benefiting big oil now.

Burning food—technically, distilling grain to grain alcohol—was mandated by Congress, probably because they were lobbied by US agribusiness, and no one objected. It was well known that ethanol burned inefficiently in our autos, could not solve the energy problem, and costs taxpayers incalculable billions at the gas pumps. It can be shown that most of what we pay for ethanol goes directly into the pockets of big Agribusiness in the form of subsidies. (1)

Make no mistake about it; the manufacturing of ethanol (grain alcohol) is no different from burning corn needed for human food in most of the third world. Well-researched reports by academic and industry sources make it clear that ethanol is counterproductive in a variety of ways, including economically, and produces a negative result on the environment.

## How Big Is The Corn-to-alcohol Fraud?

The Renewable Fuel Association, a trade organization of big agribusinesses, lists 129 existing plants with 76 more under construction, and projects the total production capacity to a staggering 13,429 billion gallons of ethanol every year. All but a few small, experimental ones burn corn. (2)

History shows an explosion of production in recent years:

**2001 1,770 (billions of gallons)**

**2002 2,130**

**2003 2,800**

**2004 3,400**

**2005 3,904**

**2007 13,429 Projected**

### (2) The Renewable Fuel Association

Figures on subsidies and industry profits are hard to come by, but there is no shortage of experts who say the industry exists on subsidies. One very credible report was done by David Pimentel, professor of ecology and agriculture at Cornell, and Tad W. Patzek, professor of civil and environmental engineering at Berkley, a detailed analysis of the energy input-yield ratios of producing ethanol from corn and "bio-diesel" from soybean and sunflower plants. Their report is published in Natural Resources Research (Vol. 14:1, 65-76). We cite a summary report entitled "Producing ethanol and bio-diesel from corn and other crops is not worth the energy." Physorg.com quotes Dr. Patzek: (3)

"In terms of renewable fuels, ethanol is the worst solution...it is the highest energy cost with the least benefit."

"In terms of energy output compared with energy input for ethanol production, the study found that: -"corn requires 29 percent more fossil energy than the fuel produced;" Soybeans and other fuel sources are no better.

"Ethanol production in the United States does not benefit the nation's energy security, its agriculture, economy or the environment

Professor Pimentel of Cornell added in the same paper:

"Ethanol production requires large fossil energy input, and therefore, it is contributing to oil and natural gas imports and U.S. deficits." "There is just no energy benefit to using plant biomass for liquid fuel." "These strategies are not sustainable."

As negative as the Pimentel-Patzek 2004 study, Science Daily's Energy Bulletin summarized a later study by Dr. Patzek in its 1 Apr 2005, headline, Study: Ethanol Production Consumes Six Units of Energy to Produce Just One, stating the results:

“Dr. Patzek published a fifty-page study on the subject in the journal Critical Reviews in Plant Science. This time, he factored in the myriad energy inputs required by industrial agriculture, from the amount of fuel used to produce fertilizers and corn seeds to the transportation and wastewater disposal costs. All told, he believes that the cumulative energy consumed in corn farming and ethanol production is six times greater than what the end product provides your car engine in terms of power.” (5)

The report warns:

“In 2004, approximately 3.57 billion gallons of ethanol were used as a gas additive in the United States, according to the Renewable Fuels Association (RFA). During the February State of the Union address, President George Bush urged Congress to pass an energy bill that would pump up the amount to 5 billion gallons by 2012. UC Berkeley geoengineering professor Tad W. Patzek thinks that’s a very bad idea.”

However, it appears as of this writing the 5 billion gallon ethanol production goal has already been surpassed, according to The Renewable Fuel Association, which lists the present capacity of the industry at over 13.4 billion gallons. Our simple arithmetic tells us this would use up about five billion bushels of corn each year, exceeding 25% of the entire USA new corn harvest! (2)

### **The bottom line of alcohol energy non-efficiency**

Imagine, according to the most conservative estimates, one must spend 1.29 calories of fossil fuels to raise enough corn to get back 1 calorie of ethanol. This seems to be the best case, and it may be much worse. This is the obscene economics of ethanol. But for taxpayers and consumers it gets much worse. It seem we are forced to pay three times for alcohol fuel; first to subsidize those who make it from corn; next, we pay in higher priced fuel at the pump that does not take us as many miles as if we had no alcohol in our tanks; and lastly (and much the worst) in the perpetual higher cost of food that is destroyed and never to be recovered.

### **The astonishing subsidies**

Zfacts reports ethanol from corn subsidies totaled \$7.0 billion in 2006 for 4.9 billion gallons of ethanol. That’s \$1.45 per gallon of ethanol (and \$2.21 per gallon of gas replaced)”... resulting in a “\$5.4 billion dollar windfall of profits paid to real farmers, corporate farmers, and ethanol makers like multinational ADM (Archer Daniels Midland).” According to this study, consumers paid \$3.6 billion extra at the pump. \* Subsidies for corn ethanol (4)

1. 51¢ per gallon federal blenders credit for \$2.5 billion = your tax dollars.
2. \$0.9 billion in corn subsidies for ethanol corn = your tax dollars.
3. \$3.6 billion extra paid at the pump.

In summary our Congress has licensed big agribusiness to burn food in exchange for worthless alcohol. Yes, worthless is the right word for corn made ethanol as fuel because it requires more calories to produce than it returns when you burn it. Having a negative value is indeed “worthless” except to those paid to make it by destroying valuable food.

Ethanol is 200 proof “white lightning.” The infamous days of “Prohibition” created laws that made it profitable for a few who raised corn to have a still. Today’s corn-to-alcohol scheme produces almost two gallons of white pure white lightning for every man woman and child on the face of the earth! This means the entire world population could be kept stupified most of the time on the grain alcohol U.S. Agribusiness will produce in just one year...by destroying valuable food.

### **The scarcity factor in burning food**

As outrageous as \$7 billion of subsidies in one year are, the worst part of burning food is the shortage of humanly consumable calories and animal food that are an inevitable result. The same agribusinesses that destroys corn, also sell what they do not destroy for food! They are the big wholesale food beneficiaries from the shortage they are paid to create, what a brilliant monopoly. Corn burning has an even more sinister side. It is the primary and greatest direct cause of higher food prices we all feel already, and is a direct threat to the subsistence nutrition of the third world poor. Ethanol subsidies are the key to controlling the food chain. Agribusiness industry giants can control and set the price of food to whatever level they wish to maintain, much as a few companies now control the price of petroleum, so long as they are subsidized to burn surplus corn in unlimited quantity. As long as subsidies are available there seems to be no limit to the scheme.

American corn surpluses are a blessing to mankind that has kept world grain prices down for years, a gift to the world from American farmers, and a gift from God! The largest surplus in the world was corn, attesting to the incredible efficiency of the American farmer. If Agribusiness giants can destroy America’s surplus and set the price we pay for corn and everything that substitutes for corn. They can and will then ration food worldwide and determine who lives and who dies.

We have already described the process by which distilling alcohol from corn consumes more energy in fossil fuels than it creates. It is also logical to observe that petroleum prices have gone up very steadily since ethanol became mandatory in gasoline. Crude oil just touched \$81.00 per barrel, up 400% from day 911. If ethanol did alleviate the energy shortage, why would we not be seeing lower demand and prices for crude oil?

Every American is paying for this subsidized destruction of corn, not once, but three times. First we pay the subsidized ethanol makers billions (we assume someone pays for what our congress gives away) to create a non-economic product we are forced to use; then we pay at the pump because alcohol is poor auto fuel; finally, we again pay in higher food prices resulting from the massive destruction of corn and other food surpluses. We pay this, by far the worst cost over and over again every time we eat a hamburger, buy a gallon of milk or a box of cereal.

Corn is not the only food being burned by American agribusiness giants, but it is the only one they need to burn in their drive to control all food prices. Corn triggers the rest. Poor Mexicans were the first to complain. They felt the pinch from a 30% increase in the price of white corn after the wholesale alcoholization of field corn caused the price to shoot up to \$4.00 per bushel in 2006...when ethanol finally absorbed most of the corn surplus. Corn is an international market, and the poor in Mexico City felt the pinch immediately even though they eat foods made of white, not yellow, corn.

Corn, a native crop to the Americas, is a blessing to mankind—a truly cheap food, rich in



calories and capable of sustaining life. The average wholesale price of corn was less than \$.02 per pound in 2000; but by 2007, thanks to the new alcohol refineries in the Midwest, the average price doubled to \$.06 per pound. Even after doubling in price, corn is still our cheapest foodstuff, so what is the problem? You might not eat much corn at your house, a few tacos once in a while, a little corn syrup, maybe some in the dog food, but for the most part you eat bread, meat, milk, fresh fruits and vegetables, so who cares about the price of corn?

The problem is that when the price differential among commodities exceeds the difference in food value, the prices of other grains go up too. Farmers also switch what they raise, from what is cheap to what is hot in the marketplace; this year they switched en masse to raising corn. Now wheat has tripled and soybean prices have more than doubled! The runaway corn price finally bubbled over into the soybean and wheat markets in 2007. Soybeans, another food staple, now sell for more than ten dollars a bushel, more than double.

In 2001 the average price of wheat was about \$2.50 per 60 pounds or \$.04 per pound; right now the price is \$9.25 per 60 pounds or \$.15 per pound, and has gone up more than 350% since our government started to burn corn. Wheat prices have more than doubled in 2007. Everything made from wheat is already on the rise. We only recently got used to paying \$3.00 for a loaf of bread, but this week I bought my first \$4.00 dollar loaf of bread, thanks to those who burn corn.

Consider the effect of the wheat price skyrocket in the one huge starvation experiment being carried on in the world today, the 1.3 million citizens of the Gaza Strip. Gaza is a fenced compound with no significant means of foreign exchange other than gifts. Gaza is therefore almost totally dependent upon the wheat elevated over a fence and dumped on the ground near its northern border with Israel. Israel does not interfere with the humanitarian efforts of European countries and private agencies. Imagine the impact of tripling of the price of wheat? Suppose the European Union, which pays for most of the wheat, defines its gift in Euros. With a tripling of wheat prices the amount of bread available inside the wall drops from three loafs to one. Assuming a substance diet inside Gaza 2/3 of the population will now starve unless someone comes up with three times as many Euros.

(6)Grain of Hope for Gaza Residence

### **Meat is made from corn**

It is obvious we ask what will happen to meat prices when grain prices have doubled twice; how much will be future chicken, eggs, pork and milk prices? If milk was to double twice, as grains have, it will be about \$8.00 per gallon! It takes a certain factor of grain to produce a pound of beef on the hoof; it's a direct ratio, so corn costs translate into beef pork chicken cost of production. There is delayed action in the meat market, before the cost of production hits the dinner table, a boom-bust effect in the marketplace. The grain price explosion has already happened, but the meat explosion is still quietly fizzling away like steak on the grill, ready to explode. It will...it must.

The hungry all over the world that live on corn are the most immediately affected; many more will starve, especially in sub-Saharan Africa where corn is a staple of the diet. But a large part of the American middle class is about to become vegetarian, whether we like it or not, because a meat shortage is right around the corner, and many will soon find meat an unaffordable luxury.

## **SUMMARY AND CONCLUSION:**

The world market for food has been tipped upside down by the creation of a government funded, privately run, monopoly with the power to alter the available supply by destroying surpluses of corn or other grains. Prices have only started the upward spiral to shortage and famine.

The US monopoly which we call “corn-to-alcohol” is dominated by big agribusiness in the USA and it has eliminated the surplus of corn in a few short years and this has resulted in instant shortages of other grains as well. Now prices of grains are exploding in the world markets, meat prices will follow. Unlike past “bull markets” in commodities, this one cannot correct itself by increases in world crop productions because the corn-to-alcohol monopoly has open-ended subsidies to buy and destroy as much corn as they find necessary to prevent surplus. Plus, when their monopoly drains its treasury, Congress will just appropriate more, there is no limit so long as there is no public outcry.

Surpluses of food are a blessing of freedom; shortages play into the hands of tyrants. Surpluses are Godly and are talked of in the Bible (the wise Pharaoh stored a 7-year supply of wheat).

The Ethanol monopoly could not exist without massive subsidies to agribusiness giants, who in turn can pay giant lobbies to control your Congressmen. The present system assures shortages for everyone except the subsidized ethanol plants seen along our highways. The monopoly’s capacity to burn food is unlimited, so long as Congress pays for the subsidies. No other argument is relevant, no excuses should be accepted. The subsidy is the only issue that counts.

This paper only scratches the surface of the criminal acts surrounding ethanol. America has been known as the land of plenty and the land that shares its plenty. The corn-to-alcohol monopoly is the engine of planned poverty for the entire world. Who will stop it?

Congress has total responsibility for creating the corn-to-alcohol monopoly, but it will never reverse itself unless absolutely forced to do so because most of its members are bought and paid for.

This is a moral issue. The 80% of Americans that are professing Christians have a responsibility before our God not to allow corporate and political criminal elements among us to cast a pall of planned starvation over the planet. Leaders in Christian churches, who have become quite political of late, now must help fix the problem of starvation that they failed to prevent by giving carte blanche support to those most politically responsible.

### **Endnotes to Part I**

(1) [Biofuels Policy and Legislation](#)

<http://genomicsgtl.energy.gov/biofuels/legislation.shtml>

(2) [How big is Bio Fuels, The Renewable Fuel Association?](#)

<http://www.ethanolrfa.org/industry/locations/>



(3) [Producing ethanol and biodiesel from corn and other crops is not worth the energy](#), Physorg Magazine: <http://www.physorg.com/news4942.html>

(4) [Zfacts.com](#), Subsidies for corn ethanol: <http://zfacts.com/p/63.html>

(5) Study: Ethanol Production Consumes Six Units Of Energy To Produce Just One <http://www.energybulletin.net/5062.html>

(6) Grain of Hope for Gaza Residence <http://whtt.org/index.php?news=2&id=1591>

(7) The High Costs of Ethanol, New York Times Sep 19, 2007 <http://whtt.org/index.php?news=2&id=1773>

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