MEASURE: <u>UB 2196</u>
EXHIBIT: <u>C</u>

Joint Committee on Tax Credits 76thSession

DATE: 05-10 2011 PAGES: 7 SUBMITTED BY: REPRESENTATIVE most Wingard



A UN expert yesterday called the growing practice of turning crops into biofuel "a crime against humanity" because it has created food shortages and sent food prices soaring, leaving millions of poor people hungry. Jean Ziegler, who has been the UN's independent expert on the right to food since the position was established in 2000, called for a five-year moratorium on biofuel production to halt the growing "catastrophe" for poor people. Using biofuels instead of gasoline in cars is generally considered to cut carbon dioxide emissions, which cause global warming, although some scientists say greenhouse gases released during the production of biofuel crops can offset those gains. —The Independent, 27 October 2007

Governments should stop promoting biofuels rather than considering curbs on speculation if they want to fight food inflation, the chairman of Nestle, the world's biggest food group, said on Thursday. "There is one very simple solution: no food for fuel," Peter Brabeck said. "It is not about every-day speculations. It's about fixing the fundamentals, which is ... reducing food for biofuels then we can tackle that in a relatively short period of time." --Reuters, 27 January 2011

To turn wood chips into ethanol fuel, George W. Bush's Department of Energy in February 2007 announced a \$76 million grant to Range Fuels for a cutting-edge refinery. A few months later, the refinery opened in the piney woods of Treutlen County, Ga., as the taxpayers of Georgia piled on another \$6 million. In 2008, the ethanol plant was the first beneficiary of the Biorefinery Assistance Program, pocketing a loan for \$80 million guaranteed by the U.S. taxpayers. Last month, the refinery closed down, having failed to squeeze even a drop of ethanol out of its pine chips. --Timothy P Carney, Washington Examiner, 7 February 2011

According to The Wall Street Journal, in 2001, only 7 percent of U.S. corn went to ethanol. By 2010, the ethanol share was 39 percent. So instead of growing wheat, our farmers are growing corn in order to cash in on ethanol subsidies. Egyptians who can't afford to buy bread and have taken to the streets in protest might be very interested to know this. Not even Al Gore still believes that ethanol provides any environmental benefits. — Lawrence Kudlow, Rasmussen Reports, 2 February 2011



Egyptian Revolt Fuelled by Ethanol Subsidies and Biofuel Mandates

Open Market, 4 February 2011

Hans Bader

As world food prices hit a record high, protests in Egypt demand the removal of the country's pro-American dictator, Hosni Mubarak. No one can predict with certainty whether his removal after 30 years in power would lead to a constitutional democracy, or a theocratic despotism. The likelihood of an even worse regime replacing Mubarak is real, and has been increased by the widespread diversion of cropland to produce biofuels rather than food. That in turn has led to rising food prices that have fueled unrest among the poor in the teeming slums of Egypt's capital city of Cairo.

Increased food prices have also led to increasing support for the anti-American Muslim Brotherhood, which has ties to the terrorist group Hamas: it provides relief and welfare services in the slums, increasing its popularity in times of economic distress, and it

enjoys greater support among the country's poor than among Egypt's smaller and more Western-oriented middle class.

The *Telegraph*, a leading English newspaper, calls the recent unrest in Egypt and the Middle East "food revolutions." It points out that "biofuel mandates" have "diverted a third of the US corn crop into ethanol for cars," reducing food supplies and driving up food prices. "So instead of growing wheat, our farmers are growing corn in order to cash in on ethanol subsidies."

Egypt is the world's largest wheat importer, and imports "more than half of its food supply." As CNBC notes, "It is food inflation that is" most fueling opposition to the Mubarak regime among the country's poor. Egyptians have historically spent over 40 percent of their income just on food.

As Slate notes, the "anti-Western" Muslim Brotherhood "remains the only political movement" in Egypt that is "capable of providing nongovernmental charitable services. This gives it a reliable political base in the slums of Cairo and Alexandria." Rising food prices have cemented that base, and driven previously apathetic slum-dwellers into the streets, shifting the locus of opposition away from the more Westernized middle class.

Obama has been an avid supporter of ethanol subsidies, with close links to the ethanol lobby, unlike Obama's 2008 opponent, John McCain, who opposed ethanol subsidies. The Obama administration has pushed ethanol mandates, even though they have a history of helping spawn famines and food riots overseas. For example, the costly climate-change legislation backed by the administration contained ethanol subsidies. The administration supports them even though ethanol makes gasoline costlier and dirtier, increases ozone pollution, and increases the death toll from smog and air pollution. Ethanol production also results in deforestation, soil erosion, and water pollution.

Leading environmentalists have lamented the devastating impact of ethanol and biofuel subsidies on the global environment.

Even commentators with close links to the Obama administration have admitted that ethanol subsidies are a terrible idea. Matt Yglesias at the liberal Center for American Progress, which has close ties to the administration, admits that "ethanol subsidies aren't a good way to clean the environment, but they're a great way of raising the price of agricultural commodities." Economists more critical of the Obama administration, such as Larry Kudlow, have been scathingly critical of ethanol subsidies, linking them to the recent unrest in Egypt and "skyrocketing food prices."

Ethanol mandates also contributed to starvation, food riots, and a growing anti-American uprising in Afghanistan back in 2008.

Ethanol Lobby: Fuel Trumps Hunger

Dakota Voice, 2 February 2011

Rebekah Rast

Here is some food for thought: The amount of grain needed to fill the tank of an SUV with ethanol just once can feed one person for an entire year.

Another hard-hitting fact: The 107 million tons of grain that went to U.S. ethanol distilleries in 2009 was enough to feed 330 million people for one year at average world consumption levels, as stated in an article on Food Freedom's website.

Still think the federal government's mandate of ethanol in vehicles is a good idea?

Not only is the federal government's insatiable appetite for ethanol causing a world food crisis, it has proved itself to be an uneconomical form of energy. An article in the National Review points out, "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."

Bill Wilson, president of Americans for Limited Government (ALG), is concerned about the apparent disregard the federal government, especially the Environmental Protection Agency (EPA), has for the crisis it is causing by enforcing these ethanol mandates.

"The ethanol subsidy, and the mandates imposed by the EPA, has had the adverse impact of driving up the cost of corn," he says. "In 2008, food aid budgets were brought to the brink, and food riots broke out in the Third World, because corn got so expensive."

With 40 percent of the U.S. corn crop now devoted to the government-created demand for ethanol, it is no wonder parts of the world are in upheaval.

ActionAid USA is an organization that works to end extreme poverty and hunger in the world and has come out strongly against ethanol subsidies. In a joint press release with other groups against the use of ethanol and ethanol subsidies, Marie Brill, senior policy analyst for ActionAid USA, said, "With predictions of another food price crisis on the horizon in 2011, Congress should be re-evaluating the costs and benefits of converting food to fuel, instead of approving a \$6 billion giveaway to the biofuel industry through VEETC. Adding an ethanol subsidy to the tax package will help break the budget, and it won't give hungry people the break they need. We cannot afford to spend billions fueling hunger by throwing good taxpayer money after bad biofuels."

But, with a Renewable Fuels Standard already in place and a \$6 billion a year subsidy to gasoline refiners who blend corn ethanol into gasoline, it appears food being converted to fuel is a much higher priority to the federal government and the EPA than the lives of those people in Africa who are now starving to death as a result.

The world has already seen the consequences of this ethanol mandate in action. In Tunisia, skyrocketing food prices caused major food riots and have resulted in the starving of poor peasants throughout the world.

An excerpt from the article on Food Freedom's website sums up well this devastating effect of the EPA-mandated policy.

"This energy legislation requires a five-fold increase in ethanol use by 2022. Some 15 billion gallons must come from traditional com-blended ethanol. Nothing like combining PhD models and political corruption to cause worldwide chaos. Ben Bernanke and Charley Grassley have joined forces to bring down the President of 23 years in Tunisia. People tend to get angry when they are starving. Bringing home the bacon for your

constituents has consequences. In the U.S. only about 10 percent of disposable income is spent on food. By contrast, in India, about 40 percent of personal disposable income is spent on food. In the Philippines, it's about 47.5 percent. In some sub-Saharan Africa, consumers spend about 50 percent of the household budget on food. And according to the U.S.D.A., 'In some of the poorest countries in the region such as Madagascar, Tanzania, Sierra Leone, and Zambia, this ratio is more than 60 percent.' "

The government's interference in America's free markets by favoring those involved in the process of converting corn to fuel is destroying governments and lives around the world.

"Ethanol is not a wise investment for the U.S. to back," says ALG's Wilson. "It is expensive to create and transport and is not an efficient form of renewable energy. Furthermore, it is causing a global food crisis leaving people in other nations starving. No form of renewable energy is worth that cost."

But the EPA continues to be all for it, even recently deciding that vehicles as old as 2001 are able to use the product.

As the world's hungriest people go on starving America will be driving around in vehicles full of fuel that could have fed them for an entire year.

How's that for food for thought?