

Opinion

EDITORIAL

Rethinking Ethanol

Published: May 11, 2008

The time has come for Congress to rethink ethanol, an alternative fuel that has lately fallen from favor. Specifically, it is time to end an outdated tax break for corn ethanol and to call a timeout in the fivefold increase in ethanol production mandated in the 2007 energy bill.

This does not mean that Congress should give up on biofuels as an important part of the effort to reduce the country's dependency on imported oil and reduce greenhouse gas emissions. What it does mean is that some biofuels are (or are likely to be) better than others, and that Congress should realign its tax and subsidy programs to encourage the good ones. Unlike corn ethanol, those biofuels will not compete for the world's food supply and will deliver significant reductions in greenhouse gases.

Last year's energy bill required that 36 billion gallons of biofuels be produced annually by 2022. Of that, 21 billion gallons would be "advanced" biofuels that are still mostly in the experimental stage; the rest would be the corn-based variety beloved by farmers, Midwestern politicians and presidential candidates. This mandate comes on top of a 51-cents-a-gallon subsidy to ethanol blenders enacted when the industry was small and oil prices low.

The industry is no longer small — seven billion gallons and climbing rapidly — and oil is over \$120 a barrel, making ethanol not only competitive but a bargain.

Ending the tax subsidy should be easy. Ending the mandate will be tougher, though some members of Congress are showing buyer's remorse. One reason is the worldwide spike in food prices. That has been driven largely by a huge increase in demand and rising energy costs. The diversion of American corn from food to fuel — about one-fourth of the crop — has not helped.

The other reason is a spate of studies suggesting that some biofuels — corn ethanol in particular — could accelerate global warming. Environmentalists had long regarded corn ethanol as at least carbon-neutral, emitting greenhouse gases when burned but absorbing those gases while growing. But rising demand for corn, for fuel and food, can have a profoundly negative effect if it causes farmers to clear previously untouched land, in turn releasing more carbon into the atmosphere.

Congress's guiding principle should be to tie federal help to environmental performance. The goal is not just to stop the headlong rush to corn ethanol but to use the system to bring to commercial scale promising second-generation biofuels — cellulosic ethanol derived from crop wastes, wood wastes, perennial grasses. These could provide environmental benefits and reduce dependence on oil without displacing food production.

Though Congress is unlikely to undo the mandate, the administrator of the Environmental Protection Agency can. Unfortunately, President Bush is an ardent corn ethanol supporter, and Stephen Johnson, the E.P.A. administrator, is nothing if not a Bush loyalist.

Without reform, rising food prices and increasing damage to the climate could provoke a reaction that could be the undoing of the entire biofuels industry. That would not be helpful to the industry or the planet.