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Guest Opinion

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Most of the factors contributing to rising meat and poultry prices in Kentucky, such as weather disruptions, currency fluctuations or energy prices, are simply out of one's control. There's little that most of us can do about any of it. But when one of the major factors driving up the cost of meat and poultry products is a government policy, then that's something that can - and should - be fixed.

A 2007 Congressional mandate to divert a substantial portion of the U.S. corn crop - the chief source of food for the animals that we eat - into corn-based ethanol to be burned as fuel instead of being used as animal feed has pushed many in animal agriculture past the tipping point.

The law effectively created a new domestic market for corn, ensuring that a substantial portion of the crop - more than one-third - be converted into corn-based ethanol and pumped in our gas tanks.

This mandate put immediate pressure on corn prices, which in 2008, quadrupled from their historic levels, reaching a record high of more than \$8 a bushel.

Government intervention into the corn markets created increased uncertainty and risk for producers who suddenly found themselves priced out of the feed markets and forced to contract their livestock and poultry production. From 2008 to 2009, the U.S. cattle herd decreased by nearly 2 million head while hog population shrank by 1.5 million. Turkey production dropped by 26 million and the chicken population fell by an astonishing 385 million birds. When the supply shortens on the farm, prices in the supermarket start to increase.

The Congressional Budget Office (CBO) reported in 2009 that Americans were paying a surcharge for the corn-based ethanol mandate in higher food prices. CBO estimates that from April 2007 to April 2008 "the increased use of ethanol accounted for about 10-15 percent of the rise in food prices."

Ethanol raises food prices because millions of acres of farmland and 3 billion bushels of corn were diverted to ethanol from food production. Americans spend about \$1.1 trillion per year on food; so in 2007, the ethanol subsidy cost families between \$5.5 billion and \$8.8 billion in higher grocery bills, the report noted.

Yet, the government mandate to divert corn from animals into fuel continues. In 2008, the government mandated that 9 billion gallons of corn-based ethanol, consuming one-third of the corn crop be produced.

By 2015, that number rises to around 15 billion gallons which is nearly 45 percent of the corn crop - all while reports flow in that corn-based ethanol yields lower miles per gallon in some cars and damages the engines of others.

This mandate has marked the beginning of economic hardship for those who produce the meat we eat. The turkey industry has endured the deepest cutbacks of any in animal agriculture - a 9 percent decrease since 2008 levels - to adjust to these increased input costs.

The U.S. pork industry endured the two most challenging years in the industry's history in 2008 and 2009. From December 2007 to February 2010 the cattle feeding sector of the beef industry lost a record \$7 billion in equity due to high feed costs and economic factors that have negatively affected beef demand, and the additional cost on the broiler chicken industry since corn prices began their rise in the fall of 2006 has been almost \$15 billion. But food prices aren't the only thing being affected by the corn-ethanol mandate.

It's also contributing to the deficit. After three decades of government support, the industry is still unwilling or unable to make it on its own. Right now, the industry is lobbying for the extension of more tax credits and trade barriers that will cost taxpayers

\$6.75 billion a year by 2015 – further adding to dizzying federal deficits.

But higher costs at the grocery store for consumers also translate into lost jobs and revenues in Kentucky. The meat and poultry industry creates and supports more than 28,000 jobs in the Bluegrass State and generates more than \$13 billion in state and federal taxes.

So while most everyone supports the idea of developing alternatives to imported oil, the idea of burning food and feed as fuel is simply not sustainable in the long run. It's not sustainable because of the jobs it expunges from the economy, and it's not sustainable because it forces consumers to choose between buying gas for their cars or putting food on the table.

Rainy days and Mondays might get you down, but they're completely out of one's control. Government mandates, on the other hand, are something we all have a voice in. Congress needs to rethink its price supports and mandates on food-based energies, like corn, and let the market play their proper role in our energy future.

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