

Expert: Ethanol gets bum rap
By Bill Hord, Midlands News Service
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LINCOLN — Ethanol contributes to increased food prices, but it is a minor factor, a Nebraska economist said Friday.

During a five-year period ending in February, ethanol was responsible for food prices rising by no more than 2 percent while total U.S. food prices went up about 16 percent, University of Nebraska-Lincoln economist Richard Perrin said at the monthly meeting of the Nebraska Ethanol Board.

“Obviously, ethanol is a contributor,” Perrin said, “but it’s obvious that it’s not a very big contributor.”

All grains make up about 3 percent of total food costs, he said. If all grain prices doubled, food prices would go up about 3 percent.

Perrin said his research and analysis were not funded by the ethanol industry.

“It’s not my role to be a booster of any sector of the economy,” Perrin said. He said he was invited to speak to the ethanol board after results of his findings appeared in a UNL publication.

The brief report comes at a time when ethanol production has been criticized for its influence on the cost of food. Corn prices reached an all-time high this week. Other grain prices also have soared in the past two years, partly because ethanol demand has shifted acres to corn.

About 40 percent of the increase in corn prices, Perrin said, can be attributed to the demand for ethanol. Adding to the corn demand are increased world population, income growth around