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Red Ethanol

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Red Ethanol

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Referring to energy by a representative color has been popularized by the environmentalist so I thought I would reassign a more appropriate color to Ethanol, RED. And no I'm not implying that Ethanol is communist or socialist, that's just big government in general. RED is a color associated with something bad or something that needs to be remedied quickly, stop signs, monetary losses, and so on. So henceforth RED, is referring to my profit margin in the beef industry, to consumer's food dollars, and to the 53% of Americans who pay taxes to fund a poor energy policy.

I live in the state of Nebraska, so saying ethanol is anything but nectar of the gods is practically sacrilege. Many fights have been hashed out between my farmer friends and I, typically met with their inability to accept that their favorite product was nothing more than a redistributionist policy. They say it's the answer to cheapening fuel, or that farmers needed that increased demand, and my personal favorite, that ethanol is green.

Ethanol lowers the gas price: Even if it were possible to quantitatively measure how much ethanol will affect gas prices without knowing what the market would be like without it, I would still ask, At the price of what? The old food for fuel argument may seem worn out by this point. The fact remains consumers cannot eat ethanol, and only the heaviest of drinkers would consider putting that harsh liquid in their bodies, even before it has been denatured. Now that far over 1/3 of the U.S corn crop is being used for fuel rather than feed or high fructose corn syrup etc. We can measure with certainty that ethanol has an impact on every consumer that eats. I'm not going to go into a bunch of statistics about food price increases and CPI. I'm just going to share a personal experience one that I'm sure many can resonate with. In the summer of 2010 I bought tenderloin to fix for my family, that same weekend this summer that same exact cut quality and amount of beef cost me \$12 dollars more. Want to grill a few rib eyes, be prepared to pay for it, want to eat some tofu? Still paying for it, government subsidies for ethanol are cresting the \$8 billion mark.

Now I am a cattle feeder and that jump in prices seems favorable correct? Not so much when the price of the main source of energy for feed doubles in price in less than a year. Cattle feeders, and hog producers have suffered some of the biggest losses ever incurred by the protein

sector, even while passing on some of those increased costs to the consumer. Cattle prices are trading at their highest levels ever since cattle began trading on the Chicago Mercantile Exchange. All while margins remain stagnant.

My crusade about ethanol creating unjust in the food market and robbing the wallets of every American is of course completely irrelevant to the proponents of ethanol, and a shrinking number of environmentalists. So is Ethanol green? The answer is not really. It requires more energy to make than it expends when in the vehicle. Take into account the huge amount of fertilizers, pesticides, and fuel needed to produce that extra corn. It all adds up to a pretty nasty product by an environmentalists definition.

So its not green, it doesn't cheapen fuel, and it raises food prices. I surmise that we must reevaluate our perception of government intervention and ethanol particularly. When the government meddles no one really wins. Maybe the farmers will have a few windfall profit years but their expenses will catch up with them and they will simply turn more dollars. I despise big government and love profit, that's why to me, ethanol is and shall always remain RED ethanol.