

Renewable Energy Production – Our Best Path Forward

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The US has spent billions of dollars over the past 20 years subsidizing agricultural exports and international market development. And what has been the result? Grain and oilseed exports have been flat since 1980, commodity prices remain well below costs and the farm crisis continues.

It wasn't supposed to happen this way. The technology and expertise of US farmers was going to overwhelm the competitors, drive them out of business and subsequently increase demand for our exports and eventually raise prices. Unfortunately, Brazil, Argentina, China and other countries didn't read the script. Brazil is opening up a region of newly cropped land larger than our corn belt. And this year, it is believed that Brazil and Argentina's combined soybean production will exceed that of the US.

US farm policy is at a crossroads. The first – and most likely – path is a continuation of our search for elusive export markets. This is coupled with our determination to grow the crops and crop varieties regardless of consumer demand. If Europeans continue to object to GMO crops, hormones in beef and other controversial practices, we'll simply bring more cases to the World Trade Organization and try to force them to accept our products.

It is time to think outside of the commodity box. US agriculture can do much more than simply provide low value, unprocessed commodities for export. These policies have not only been unsuccessful, they have come with the cost of missed opportunities. The money spent trying to expand export markets would much better serve farmers if it was spent on fostering local value-added production. Renewable energy production in particular, which is harvested and utilized locally, has tremendous potential to revitalize the farm economy. Ethanol cooperatives, for example, have been one of the surest ways to increase the local price of corn. The National Corn Growers Association reports that corn prices in markets near ethanol plants increase five to eight cents per bushel. This alternate path, based on renewable energy production and other unexploited domestic markets, provides the greatest opportunity for the farm economy.

Everyone consumes fuel and electricity, predominantly from fossil fuels. But for reasons of price volatility, geopolitical conflict and environmental concerns, cheap fossil fuels can no longer be taken for granted. Midwest farmers have already been reducing their dependence on fossil fuels. It takes much less fossil fuel for each bushel of Midwest corn produced than it did 20 years ago.

At the same time, the cost of producing renewable energy, particularly wind energy, has dropped dramatically. The wind turbines that are popping up throughout Iowa attest to the economic potential.

A recent report by the Environmental Law and Policy Center provides some numbers. In "Job Jolt – The Economic Impacts of Re-powering the Midwest," researchers found that increased investment in renewable energy and energy efficiency could provide Iowa with a 12,500 net increase in jobs and

almost \$1 billion in additional economic output by 2020. Farmers, as producers of many of the renewable energies and the landowners for other projects, would benefit enormously from this investment.

Of course, one of the primary benefits of renewable energy is that it fosters small scale, decentralized energy production. If wind and biomass simply become another component of the petrochemical companies' portfolio, the benefits to local Iowa economies are substantially reduced. Local businesses and cooperatives need to be the owners of these energy-producing sites and policies should ensure this diverse ownership. This is also important for energy consumers in Iowa as the price volatility of fossil fuels is expected to increase in coming years. Less reliance on fossil fuels will reduce the economic impact of this volatility.

This new direction in farm policy provides other benefits through diversification. When the price of corn and soybeans plummeted in recent years, Iowa farmers had few alternative markets. So in spite of the low prices, corn and soybean production increased, putting further pressure on prices. Having other viable options – such as switchgrass for biomass production – and other supplemental income – such as wind turbines and manure digestion – will reduce the financial risks in agriculture.

For the first time ever, last year's farm bill contained an energy title that will provide funds for energy efficiency and renewable energy production. This is just the beginning of a gradual public policy shift that needs to take place at all levels of government emphasizing renewable energies in agriculture. Additional incentives are needed to foster this emerging market that is competing with the well-funded petrochemical industry. Perhaps the best policy tool would be a national renewable energy standard, mandating that 20% of our country's energy be produced from renewable sources.

Iowa has tremendous potential to transform itself from a fossil fuel consumer to a fossil fuel competitor. Let's take advantage of this opportunity.

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