



Ethanol boon may be a bust

By Jon Knutson
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If you think ethanol will save rural America, David Swenson wants to talk with you.

Swenson, an associate scientist with the economics department at Iowa State University, has studied ethanol's impact in Iowa, a hotspot for the biofuel made from corn.

His conclusion?

"The gains to rural communities are real, but they're not as big as folks have made them out to be," he said.

Swenson spoke Monday at the North Dakota Grain Dealers Association's annual convention in Fargo.

The event began Saturday and ends today. About 900 people are attending.

An Iowa trade group estimated that ethanol production has created 47,000 jobs in the state, Swenson said.

The correct number is about 4,500 or 5,400, depending on the method used in the calculation, he said.

"The stakes are really high" in ethanol development, which leads to exaggerating benefits or overlooking negative side effects, he said.

For instance, making corn from ethanol means less corn to feed to hogs, which costs jobs in the feedlot industry, he said.

"I want my rural communities to do well. I want my rural political leaders to choose wisely" when making decisions about ethanol, he said.

Another convention speaker, Sen. Byron Dorgan, D-N.D., said the North Dakota rail industry suffers from too little competition.

Proposed Senate legislation, of which he is a sponsor, would increase competition in the rail industry, Dorgan said.

Although strong grain prices mean less attention on rail issues, "We have to continue the fight for fair rail rates," Dorgan said.

Francis Mulvey, vice chairman of the Surface Transportation Board, also spoke Monday.

The board is a regulatory agency charged with Congress to resolve railroad rate and service disputes and to review proposed railroad mergers.

The board listens to complaints and takes seriously North Dakotans' concerns about the rail industry, Mulvey said.

North Dakota's 400 grain elevators are dealing with record prices for most crops.

"It's a good year. A challenging year. There's more pressure on operating capital," said Steve Strege, the state association's executive vice president.

Elevators make money by buying grain from farmers and reselling it for slightly more than what they pay farmers.

As grain prices rise, elevators need access to more capital to buy the higher-priced grain, said Ron Olson, vice president of operations for General Mills and chairman of the National Grain and Feed Association.

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