



# Saskatchewan



# Notes

## Ethanol Ethics

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— by Darrin Qualman

Provincial governments are rushing to build ethanol plants to turn grain into fuel. Proponents claim that ethanol production will create jobs and economic development and help raise grain prices. Others dispute these alleged benefits, characterizing current plans as “giving taxpayers’ money to Archer Daniels Midland to turn U.S. corn into environmentally-questionable energy”. Leaving aside these criticisms, what are the ethical implications?

Because ethanol production turns grain into fuel, the ethics of ethanol are also the ethics of food. And because ethanol production removes food from the global supply, it may alter who eats and who doesn’t.

Food does not flow to those who need it: it flows to those who can back that need with money. Economists have a term to describe this phenomenon: “effective demand”. Economists distinguish between demand (personal wants or needs) and effective demand: wants backed by money—the ability to satisfy that demand through a purchase. Market economies respond to dollars, not need. Money creates “food gravity”: often drawing food away from people who desperately need it.

Where will the grain come from to supply our ethanol plants? When we remove enough food

from our seamless, globalized supply, we begin taking it from the mouths of the poorest and hungriest people (the ones with the weakest effective demand). When we add fuel to our global supply, that fuel will almost certainly go into the gas tank of a relatively rich person. Ethanol production takes food from the poor and transforms it into transportation or recreation for the rich.

Now, transforming food into fuel is not unethical so long as one can maintain the fiction that we have a burdensome glut of food in the world and that, in effect, burning food in Canadian sport-utility vehicles deprives no one of his or her supper.

But there is no food glut. Nearly 800 million people are hungry. Thousands die every day from starvation and hunger-related diseases. Moreover, in the coming months, it may become clear that we have plunged into a global food shortage. Although governments and grain companies do not want to admit it, world grain stocks/use ratios—the most oft-quoted measure of supply and demand—are at their second-lowest level in 30 years. In seven of the past 10 years, we ate more grain than we grew. This does not look like a crushing oversupply.

The starving lack money and, thus, lack effective demand. Because of this, their demand

*(over...)*

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is not reflected in the global market economy for food. Were this to change, were this "missing demand" suddenly reflected in the market economy, it would pose an overwhelming challenge to supplies—instantaneously moving us from alleged oversupply, to critical shortage.

So why do we think that there is excess food? Our wealth is so large compared to the majority of the world's population—our effective demand is so overwhelming compared to theirs—we draw to us far more food than we actually need. We use some of this

"excess" food to create obesity, waste some, feed some to our pets, and, now, we propose to burn some in our cars. But this is not the same as saying that the world has too much food, merely that those with relatively large amounts of money have access to more food than they need. The relatively rich and

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overfed see little value in food and propose to turn "their surplus" into something they value more: travel and recreation.

Meanwhile, the poor in Africa, Asia, and Latin America—locked out of the global cash economy and often displaced from their land because others can make more money by growing export crops—watch the food that may have fed them sucked away across the ocean, drawn by our money to feed our pets and ethanol plants.

**The question for Saskatchewan residents as we stand on the brink of this taxpayer-funded ethanol experiment is this: are we so short of fuel for leisure and transportation that we are ethically justified in making that fuel out of food that would, if society and the economy were organized appropriately, go to feed those who are hungry?**

The question for Saskatchewan residents as we stand on the brink of this taxpayer-funded ethanol experiment is this: are we so short of fuel for leisure and transportation that we are ethically justified in making that fuel out of food that would, if society and the economy were organized appropriately, go to feed those who are hungry? Is there so much food in the world that we are ethically justified in burning it? ❖

**Darrin Qualman** is Executive Secretary for the National Farmers Union and a Research Associate with the Saskatchewan Office of the Canadian Centre for Policy Alternatives.

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**Canadian Centre for Policy Alternatives – SK**

2717 Wentz Ave., Saskatoon, SK S7K 4B6

Ph: 306-978-5308 — Fax: 306-922-9162

Email: [ccpasask@sasktel.net](mailto:ccpasask@sasktel.net) / Website: [www.policyalternatives.ca/sk](http://www.policyalternatives.ca/sk)