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## **Economist: Biofuel may raise food prices**

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LINCOLN, Neb. --

Increased production of biofuels such as ethanol might help farmers' bottom lines and address climate-change concerns, but it could inflate food prices worldwide, warns a former White House economist.

"Worldwide, especially in developing countries ... food price increases are definitely something we're going to have to come to grips with," said David Sunding, who served on former President Bill Clinton's Council of Economic Advisers.

Sunding, an economics professor at the University of California-Berkeley, spoke Monday to water experts at the University of Nebraska-Lincoln's fourth annual Water Law, Policy and Science Conference.

The combination of rising energy prices and the demand for corn, which is used to produce ethanol, will continue to drive up commodity prices, he said.

Corn prices have already begun to soar. A rush to turn more acres into corn production could decrease supplies of other commodities, driving up prices of them as well.

The resulting higher market prices could then dampen the public's support for government subsidies that are designed to help farmers reap profits when markets are down.

Sunding envisioned a scenario in which price supports for farmers are replaced by another government program - one to purchase food to keep prices affordable and prevent hunger.

Energy costs will also be a factor, said Sunding, who predicted that "ag policy will ... become energy policy."

"The ag sector," he added, "is so vulnerable to energy price changes."

Remote agricultural areas such as those in Nebraska and South Dakota are particularly susceptible to rising energy prices, Sunding said, because farmers must transport their crops great distances to markets.

Higher fuel costs also affect farm operations that depend on irrigation.

"The cost of water pumping could increase dramatically," Sunding said.

A study released last month by the Energy Information Administration, an arm of the federal government that provides energy statistics, forecasts that world oil prices might decrease over the next five or six years, then steadily increase over the next two decades.

While poor and developing countries might suffer more because of food-price spikes, the United States would not be spared, Sunding predicted.