

Ah, American politics. A system in which you can get anything you want as long as you guarantee the result will be saving or creating more jobs for Americans, reducing taxes and weaning the country off of imports from unsavoury, jihadist countries. It used to be that Communists counted too, but that's no longer the case.

The only problem is that now both sides of a debate seem to be able to use all of these to support their position so that in the end, no one really knows who or what to believe.

Last week, the American political maelstrom started up again with gusto over a proposed law submitted to the US House of Representatives that would extend three ethanol-based tax credits along with the infamous tariff against ethanol imports through 2016. The usual suspects lined up on their usual sides of the debate: ethanol producers, Congressmen from ethanol-producing states and the Farm Bureau are very much in favour of extending the subsidies and tariff while everyone else and their brother are firmly against it.

The pro-camp believes that without continuing these subsidies, hundreds of thousands of American jobs—the kind that can't be exported along with most of the US's former industrial jobs—are at risk of being lost forever. Proponents are quoting a recent study that pegs the number of jobs in or supporting the US ethanol industry at about 400,000. With the country still recovering from the economic crisis, those are big numbers to worry about.

Of course, the more ethanol that America produces, the less oil it has to import from the unstable Middle East and Nigeria. Fair enough. Using ethanol—some kinds of ethanol, at least—is much cleaner than using petrol. All good things. Then of course there's the saving of taxes. Even though the subsidy programmes are paid for by American consumers through their taxes—either directly or at the pump—proponents are also claiming that there's a net benefit to the national economy of US\$3.4 billion. That's US\$5 billion in subsidies in 2009 in exchange for supposedly US\$8.4 billion in additional tax revenue thanks to the industries these subsidies support.

All sounds like a no-brainer. Go forth and prosper, thy subsidies.

But livestock producers say that increased maize-ethanol production inflates the prices they pay for animal feed—and since Americans aren't so keen to pay more for their meat, the farmers get the short end of the stick. A lot of studies and research has been done to show that ethanol byproducts known as Dried Distillers Grains and Solubles (DDGS), which now has its own futures contract on the Chicago Mercantile Exchange, is better to feed animals than straight ole' maize, but the livestock lobbies (and yes, there are many) still aren't buying it. They're saying that such high feed prices are putting *their* American jobs at risk and that their livestock jobs shouldn't be sacrificed in exchange for ethanol jobs.

This doesn't mean that livestock groups—or, to be more accurate, all of agriculture apart from the Farm Bureau and maize-based lobbies—are against ethanol in principle. They are very much in support of cellulosic ethanol, finding ways to reduce their energy expenditures and of course adding more jobs. Some seem keen to support the cellulosic subsidy, one of the three up for renewal, but they say that first generation ethanol producers have benefited from subsidies for the past 30 years so they should have to compete like “everyone else” (pretty funny since agriculture has been supported since after the Depression) in the free market.

As for the saving-taxes argument, many opponents to the new legislation just don't seem to buy the net benefit claims. They say that with the federal budget looking to be in deficit for the next decade after bailing out so many industries and trying to keep the economy afloat after the financial crisis, Congress should watch its wallet very carefully and keep superfluous spending to a minimum.

Which brings us to the tariff. One of the big reasons for supporting ethanol production is not to battle climate change (climate what?) or to reduce negative impacts on the environment, but to loosen some of the hold that OPEC countries have on America's addiction to imported oil. So whip out some photos of jihadists, some photos of American military "boys" serving "overseas", perhaps throw in some video footage of one of the Twin Towers coming down and spindoctors have created the easiest way to get American consumers to buy more ethanol with fervour. Or at least to want to buy more ethanol since not everyone has access to much more than MTBE-replacement levels of ethanol blends.

This is the image that really gets the Brazilians riled up, and they're trying to fight back using their own version of what Americans want to hear. They want the tariff dropped and thought they were well on their way with the recent re-allocation of the 2010 biofuel quota going towards 'advanced biofuels', of which Brazilian sugarcane ethanol is one of the few that qualifies. Since sentiments don't seem to be turning in their favour, they're launching a counter-attack trying to re-position themselves inside the American political sphere. We're not the bad guys, they're saying. In fact, UNICA's representative in the US used the term "a long-standing democratic ally" in his response to the new legislative proposal when trying to battle the image that fuel imports only come from the Axis of Evil.

What UNICA is really trying to say is, you can import from the bad guys or you can import for your friendly, neighbourly Brazilians who are here to help right the wrongs of the world. You Americans go do it by spreading democracy and we Brazilians will do it spreading environmentally-friendly ethanol. Since we're the good guys, could you please stop punishing us with a punitive tariff that's not helping anybody? As UNICA's rep said, "It is ironic that Congress allows oil from nations hostile to America into the country tariff-free, but is more than willing to punish clean energy from Brazil, a long-standing democratic ally."

In fact, it's not ironic at all. The logic fits in perfectly with the screwy, play both sides of the same coin-kind of lobbying. Find ways to promote American jobs and ways to show that dropping the tariff will reduce taxes and maybe Brazil will have a good counterargument on their hands. But switch the marketing from F1 to Nascar. The Midwest voters who are keeping these pro-maize ethanol guys in office are much more of the anti-"hopey, changey", Nascar kind of folks.