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Farms vs Restaurants

Which is most important: food or fuel?

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In 2005, the federal government created the Energy Policy Act, which created a Renewable Fuel Standard requiring 7.5 billion gallons of renewable fuels to be mixed into the nation's gas tank in 2012. As these fuels were made largerly from corn, this mandate made corn farmers very happy.

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In 2012, the United States experienced the most severe and extensive drought in 25 years. This drought seriously affected the productivity of the nation's agriculture, thus raising the price of farm commodities.

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Given the severe drought, government was asked to waive its renewable fuels mandate for 2012. Saying that it could find no "severe economic harm" caused by the mandate, the government refused to grant the waiver.

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To measure the costs of this mandate for its member businesses, the National Council of Chain Restaurants (NCCR) commissioned a study by Price Waterhouse Cooper. This study claimed the mandate could cost the restaurant industry up to $3.2 billion dollars annually.

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NCCR's study was promptly repudiated by the Renewable Fuels Association, which said, "Clearly, Big Food and Big Oil are on the defensive. They lost in their bid for a waiver of the RFS, so now are resorting to super-sized myths about the impact of the RFS on food prices."

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This differernce of opinion between farmers and restauranteurs leads us to ask…

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Which is most important, food or fuel?