



Red Harvest

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By: Michael Rathbone

[The Kansas City Star](#) published an editorial last weekend regarding agricultural budget cuts. The article details a shocking amount of waste that would drive any taxpayer nuts.

The state of Missouri, like most states in the Union, is faced with the [difficult task of balancing the budget](#). The article gives some examples of reforms on the federal level, where the savings to taxpayers wouldn't be "poultry." However, I will focus on one particular reform mentioned in the article because it has relevance to state spending. The reform in question is to shuck subsidies for ethanol.

The state also has a long list of its [own ethanol incentives](#) and the budget impact of these ethanol incentives is *not* insubstantial. In fact, [ethanol subsidies account for 37%](#) (click on HB 6-Department of Agriculture, page 81) of the fiscal year 2011 [Missouri Department of Agriculture budget](#). In the not-too-distant past (FY 2010), it has [amounted to 58%](#) (pages 43 and 55) of the Department of [Agriculture budget](#). Considering the dollar amounts involved and the percentage of the Department of Agriculture's budget that state ethanol subsidies take up, it would be prudent to ask whether the state is serving the taxpayers well by investing in ethanol subsidies.

[The Show-Me Institute has researched](#) the effects of ethanol on Missouri and I would encourage everybody to give the case study a gander. Considering the other negative consequences the Show-Me Institute mentioned in its case study, it would seem that ethanol subsidies should be a ripe target for the budget cutter's scythe. Before making the really difficult decisions on where to cut the budget (like deciding between laying off teachers or closing down mental health centers), wouldn't it be great if the state could go after the low-hanging fruit? Just some food for thought.

About the Author



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Michael Rathbone was a policy researcher at the Show-Me Institute. He is a native of Saint Louis and a 2008 graduate of Saint Louis University, where he earned a bachelor of science degree in biomedical engineering.

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[2] <http://www.kansascity.com/2011/10/01/3178885/the-stars-editorial-agriculture.html>

[3] http://oa.mo.gov/bp/pdf/2011_budget_update.pdf

[4] <http://mda.mo.gov/abd/financial/ethanol.php>

[5] <http://oa.mo.gov/bp/budreqs2012all.htm>

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[9] <http://showmeinstitute.org/publications/case-study/corporate-welfare/89-the-economic-impact-of-the-missouri-e-10-ethanol-mandate.html>

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