

CORNBALL BROTHERS ON THE HILL

CEOs' Bio-Fuel Comedy Distracts Congress From Auto Crisis Action

by Paul Gallagher

Amid the circulation in Congress of Lyndon LaRouche's proposed emergency retooling legislation to save and use the 50%-unutilized capacity of the U.S. auto industry, the May 18 visit of the "Big Three" auto CEOs to Capitol Hill was a tragi-comic waste of Congress' time, and a diversion of its attention from needed action on the crisis-collapse of the auto sector. The "3 CEOs" who—along with other auto managements and their bankers—are rapidly pushing the remaining U.S. auto industrial sector into low-wage countries abroad, rallied Congress to ignore that, and ignore the crisis of disappeared American industrial machine-tool capacity it is causing. To help distract and disarm Congress, their meetings with both House and Senate leaders featured "flex-fuel"—fakery, a version of that famous emperor's suit of new clothes which is now popular around Cheney and Bush's Washington, D.C.

Arriving in corn-tasselled stunt cars burning ethanol, the three Cornball Brothers asked Congress to promote "flex-fuels for energy independence"—something that Congress has already been promoting for a decade to no effect, and the Cheney-Bush White House has been pushing for six years with similar results. Brazil, the only country which has entered widespread production and use of biofuels for auto and related transportation, is now rapidly backing away from it, as it has "fueled" an inflationary explosion of prices, and shortages of agricultural bases and of ethanol itself, and Brazilian drivers are going back to running their cars on gasoline.

The various elements of "flex-fuel" range from 100% fraud—ethanol for "energy independence"—to important research areas for the industrial future—hydrogen engines. None of them relate to the action Congress needs to take, to stop the globalization and complete loss of American auto

capacity, skilled employment, and the machine-tool capability priceless to national security and progress. So the CEOs' ethanol comedy was perhaps a cover for their actual intent: Leave our auto crisis alone, while we're busy outsourcing everything that's left of auto production and supply to Asia and South America. Do nothing—but to help us, compensate our American workforce with their retirement pensions and health insurance. And join us in beating that 30-year dead horse of "energy independence through sustainable fuels."

As was well understood 50 years ago by Presidents Eisenhower and Kennedy, and auto leader Walter Reuther, actual U.S. energy independence means large-scale production of nuclear power. There is no solution for energy independence, nor industrial independence, without it. Currently unused auto capacity includes many plants capable of quickly retooling to produce many elements of nuclear power plants, including their fuel. This real independence is a leading part of LaRouche's proposal, but it was not brought up anywhere in the wasted meetings with the CEOs.

According to reports, the furthest that members of Congress went in their meetings with William Ford of Ford, Rick Wagoner of GM, and Tom LaSorda of Chrysler, was to remind them that saving the auto industry as a whole is a national problem and priority for the U.S. economy, and requires the defense of wages, at a time when real household income of Americans has fallen five years in a row. The issue of Ford's grandfather's famous dictum, now being violated throughout this globalized industry—that autoworkers have to be paid enough to easily afford the cars they make—was brought up by House Democrats.

The meetings were a calculated posturing and waste of

time, especially for those members of Congress who have been giving serious thought to an intervention to save the hundreds of thousands of jobs and 75 million square feet of auto-industrial capacity being shut down, as well as tens of millions of square feet of additional unutilized capacity in other plants. The nation's critical infrastructural and other needs for the capabilities of this industry, have nothing to do with bio-fuels.

Subsidies Can't Make Corngas Go

During their antics on the Hill, the three CEOs suggested subsidies to make 25% of America's 170,000 gas stations pump corn or switchgrass ethanol—perhaps costing taxpayers \$2 billion up front. But this is chump-change to what the country would pay if millions of Americans were fueling up with bio-fuel. There already exists, and has for nearly a decade, a Federal taxpayer subsidy of 51 cents on every gallon of ethanol pumped—now costing perhaps \$1 billion annually with the minimal use of ethanol by cars and trucks nationally. That subsidy would balloon into the tens of billions a year if the Cornball Brothers' "goal" were reached; and there are many state and local subsidies to bio-fuels on top of that. A strange kind of "independence."

But in spite of all the subsidies, the average retail price of E-85 ethanol fuel has risen faster than gasoline over the past year, and now costs nearly as much *with the subsidies included*. And since a gallon of ethanol has only about two-thirds the BTU-equivalent energy of a gallon of gasoline, the effective price of ethanol, despite the subsidies, is really about \$4/gallon. The biggest beneficiary of the subsidies is Archer Daniels Midland, which makes almost 40% of all ethanol fuel used in the United States, and a big chunk of that used in Brazil as well.

The underlying reality is far worse than the price. No matter how subsidized, production of enough corn to reach the three CEOs' theatrical goal of 25% of transportation fueled by ethanol, would require planting 12-13% of the land area of the United States in corn, 270 million acres or .45 million square miles of cornfields.

These sad facts are known, having been proven in studies by academics who themselves are environmentalists and advocates of the use of "sustainable fuels," wind-power, and so on, but admit this has nothing to do with auto or other

This full-page ad, signed by one of the three Cornball Brothers, was published in The Hill, a newspaper widely read by Congressmen and Senators, to coincide with the auto CEOs' deployment to waste the time of lawmakers.

transportation. Several studies by Dr. David Pimentel of Cornell, published since 2002, have shown that corn ethanol, switchgrass ethanol, and wood ethanol consume 29%, 45%, and 57% respectively more BTU's of fossil-fuel energy in their production, than they produce when they're burned as fuel (see "Ethanol Takes More Energy Than It Gives," *EIR*, May 5). Another exhaustive calculation, based on government reports of prices, taxes, and subsidies, and recently published on <http://zfacts.com>, shows that substituting ethanol for one gallon of gasoline from "imported oil," costs the nation \$7.24. So much for "independence."

The organized groups outside government pushing hard for what Bill Ford senselessly called "the big-number game-changing ethanol play for this country," are a very strange new kind of "hybrid." On one side are a pack of war-mongering neo-conservative in the Set America Free Coalition—Frank Gaffney, Daniel Pipes, James Woolsey, Meyrav Wurmser and others straight out of meetings planning regime change throughout the Mideast and Asia. But these neo-cons' major go-ethanol manifesto is signed by a group called the

Apollo Energy Alliance, consisting of friends of Al Gore and George Soros, and various “progressive Democrats” and unionists. The common father of this strange alliance is the George Shultz who created the George W. Bush Administration and works with the greenie Rocky Mountain Institute of Amory Lovins, which like Shultz’s Committee on the Present Danger, began promoting the ethanol fraud as a way to attack the nations of the Middle East.

Sen. Carl Levin (D-Mich.) gave a disoriented “Apollo project” speech about ethanol and “flex-fuels” at the Detroit Economic Club May 1. Proposing an Apollo Project for ethanol fuel, is like proposing an Apollo Project for laetrile as a cancer treatment; ethanol might as well be laetrile for cars.

As one United Auto Workers union leader in a southern state succinctly put it recently, “the only thing you can run on ethanol, is an old drunk.”

No ‘Sales’ Way Out

The ethanol part of the “flex-fuel” package is 100% fakery, along with related proposals to burn various products of “atholes.” By contrast, the hydrogen-fuel proposals, including some work by the major automakers, are potentially revolutionary for engine propulsion. But the best prospects for producing hydrogen efficiently involve, again, using the high heats from nuclear power plants to crack hydrogen out of ammonia or related stocks. The storage and use of hydrogen may point to new engines much larger than those of automo-

biles. This is a crucial area of research and development. *If* action is taken now by Congress, to intervene with credits to use the increasingly idled auto capacity for new infrastructure projects, the development of new engine types becomes a viable part of that process.

The third element of “flex-fuel,” electric-diesel hybrid engines, while obviously not fakery, changes nothing in the collapse of the U.S. auto sector, but a few more miles per gallon in a somewhat more expensive car. The fundamental problem is real wages and unemployment, as the House Democrats reminded Bill Ford. Overall U.S. auto sales are falling, this year toward the 16-16.5 million units characteristic of almost a decade ago. The sales drop is concentrated in—the upper Midwest region, where U.S. autos and auto parts are made! Fewer cars and light trucks are being bought by those Americans most inclined by loyalty to buy U.S.-made vehicles. Car sales are shifting toward corporate and rental fleets and toward the wealthy. The three Cornball Brothers are kicking their own sales in the head by their layoffs and plant shutdowns and the shutdowns radiating from their effect.

Neither hybrids nor fuel mixes are going to revive sales in the teeth of continued globalization. The capacity is unutilized, by 50% or more. It is up to Congress to use it or lose it. American industry’s most versatile remaining machine tool capabilities are fast disappearing now. Yet they are crucial for the infrastructure tasks indicated by LaRouche in his “Emergency Legislation, Now!” memo.

IAM President to Congress: Save Manufacturing!

International Association of Machinists and Aerospace Workers (IAM) President Thomas Buffenbarger told IAM delegates to burn the backsides of Congress, with the message that defending the U.S. industrial base is a matter of national security. Buffenbarger addressed the opening session of the IAM’s yearly legislative conference in Washington, D.C. on May 15, which was on the theme, “Have You Had Enough Yet?” He quoted from President John F. Kennedy’s speech to the IAM conference in May 1963, a speech which, in turn, had quoted President Franklin D. Roosevelt on fighting for the general welfare. Buffenbarger challenged IAM members to get involved in fighting for U.S. leadership to achieve peace around the world, by fostering economic development and optimism.

“We have lost the ability to manufacture the means of our prosperity,” and now Congress has given away “the ability of this country to defend itself,” he charged. There are only six shipyards left in the country, we can no longer

produce tanks, and we have lost critical machining capacity and the worker expertise needed to develop other weaponry. “We don’t even have the ability to train our kids to defend themselves”—not to carry a gun, but training them in the skilled trades necessary to defend the nation.

He denounced the Pentagon’s Quadrennial Defense Review, calling on the IAM delegates to grill their Congressmen on it, since they voted for it. I am sure Congress is “clueless” that that QDR outlines the most radical transformation of the military ever proposed, through privatization and outsourcing, he said.

“Politicians will say ‘this is our year,’ but what good is it to elect Democrats who will do the same things as Republicans do? We need to make a change,” he insisted. He rejected President Bush’s idea of using troops to patrol the border with Mexico, saying that the immigration problem was created by bad U.S. trade policies like NAFTA. “The immigrants are just trying to feed their families. Don’t blame them for a situation we caused.”

He ended by demanding that when his members go to Capitol Hill (they were lobbying the next two afternoons), they “kick their asses”—referring to the Congress—and show them how the vision of FDR and JFK can be fulfilled.