



The Daily Dish

Trump's Ridiculous Farm Subsidy (RFS)

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Eakinomics: Trump's Ridiculous Farm Subsidy (RFS)

This past Friday, *The Wall Street Journal* [reported](#) that “the Environmental Protection Agency (EPA) will allow gasoline with a 15% mix of ethanol to be sold year-round, instead of just eight months a year, effective as soon as it is published in the Federal Register, which officials expect to happen within days.” The move is part of administration of the renewable fuel standard (RFS), a mandate to use biofuels mixed in gasoline. As [noted](#) by AAF's Philip Rossetti in his analysis of the policy, “After the September 11th terrorist attacks, many policymakers had an epiphany about U.S. energy consumption: America's unrivaled demand for petroleum fuels supported actors that are ideologically opposed to U.S. interests, such as Iran, Russia, and oil-funded terrorist groups. As a result, the federal government created the [Renewable Fuel Standard](#) (RFS), a policy designed to offset oil imports with domestically produced biofuels (mostly ethanol distilled from American-grown corn).”

It seemed like a good idea at the time, but it went quickly off the rails. In 2014, then-AAF energy expert Catrina Rorke [noted](#), “The EPA's Renewable Fuel Standard (RFS) program is in shambles, creating uncertainty in the marketplace for producers and blenders, complicating compliance schedules, and opening the possibility for blend levels that can damage older vehicles.” Two years later, Rossetti [noted](#) “The EPA's finalized RFS once again failed to meet legally mandated targets, and also came nearly two years late” and that “The future of the RFS may have to wait until the next administration enters office, keeping market participants on edge until 2017. The EPA needs more transparency, efficiency, and consistency in its rulemaking to avoid further problems with this costly regulation.”

Well, the next administration is here, and in his new analysis Philip Rossetti now [notes](#) that “The RFS fundamentally fails in its environmental and national security mandates, while imposing higher than expected costs on Americans. Logically, one would expect the Trump Administration to push for legislation that winds down the RFS and returns the demand for biofuels and, especially, corn to market forces. Instead, the Trump Administration is expanding the use of E15 into the summer months — which raises smog and other environmental concerns — and exacerbates the broken system.”

Why? It will help farmers, who have been hammered by the Trump trade wars and face the prospect of even more harm from the final tranche of China tariffs and the indefensible broadside threatened for Mexico. In this way the RFS has been transformed from a national security initiative into a ridiculous farm subsidy. It is still a RFS, but it is not one worth defending.