

The Great Ethanol Scam

Not only is ethanol proving to be a dud as a fuel substitute but there is increasing evidence that it is destroying engines in large numbers

By [Ed Wallace](http://www.businessweek.com/print/lifestyle/content/may2009/bw20090514_058678.htm) - http://www.businessweek.com/print/lifestyle/content/may2009/bw20090514_058678.htm

"Does the average citizen understand what this means? In from 10 to 20 years this country will be dependent entirely upon outside sources for a supply of liquid fuels ... paying out vast sums yearly in order to obtain supplies of crude oil from Mexico, Russia, and Persia."—Yale Professor Harold Hibbert, ethanol promoter, 1925

More than one major transportation-based industry in America besides [Detroit](#) is on the ropes. For the fourth time in our history the [ethanol industry](#) has come undone and is quickly failing nationally. Of course it's one thing when Detroit collapsed with the economy; after all, that is a truly free-market enterprise and the economy hasn't been good. But the fact that the ethanol industry is going bankrupt, when the only reason we use this additive is a massive government mandate, is outrageous at best.

Then again, the ethanol lobby and refiners have a solution to ethanol's failure in America: Hire retired General Wesley Clark as your point man and lobby the government to increase the amount of ethanol in our fuel to 15%. The problems with that proposition are real—unlike ethanol's benefits.

Where's the Logic?

First, the primary job of the Environmental Protection Agency is, dare it be said, to protect our environment. Yet using ethanol actually creates more smog than using regular gas, and the EPA's own attorneys had to admit that fact in front of the justices presiding over the Third Circuit Court of Appeals in 1995 (*API v. EPA*).

Second, truly independent studies on ethanol, such as those written by Tad Patzek of Berkeley and David Pimentel of Cornell, show that ethanol is a net energy loser. Other studies suggest there is a small net energy gain from it.

Third, all fuels laced with ethanol reduce the vehicle's fuel efficiency, and the E85 blend drops gas mileage between 30% and 40%, depending on whether you use the EPA's fuel mileage standards (fuelconomy.gov) or those of the Dept. of Energy.

Fourth, forget what biofuels have done to the price of foodstuffs worldwide over the past three years; the science seems to suggest that using ethanol increases global warming emissions over the use of straight gasoline. Just these issues should have kept ethanol from being brought back for its fourth run in American history.

Don't let anybody mislead you: The new push to get a 15% ethanol mandate out of Washington is simply to restore profitability to a failed industry. Only this time around those promoting more ethanol in our gas say there's no scientific proof that adding more ethanol will damage vehicles or small gas-powered engines. With that statement they've gone from shilling the public to outright falsehoods, because ethanol-laced gasoline is already destroying engines across the country in ever larger numbers.

Got a Spare \$1,000?

Last July was bad enough for motorists on a budget—gasoline prices had shot up to more than \$4 a gallon.

But for some the pain in the pocketbook was about to get worse. At City Garage in Euless, Tex., for example, the first of numerous future customers brought in an automobile whose fuel pump was shot. A quick diagnosis determined that that particular car had close to 18% ethanol in the fuel. For that unlucky owner, the repairs came to nearly \$900. The ethanol fun was just beginning.

City Garage manager Eric Greathouse has found that adding ethanol to the nation's gasoline supply may be a foolish government mandate, but it has an upside he'd rather not deal with. It's supplying his shop with a slow but steady stream of customers whose plastic fuel intakes have been dissolved by the blending of ethanol into our gasoline, or their fuel pumps destroyed. The average cost of repairs is just shy of \$1,000.

It gets better. Scott Morrison is the owner of the City Garage chain in North Texas and he related the story of his technical director's run-in with ethanol; in December he filled up his E85 Flex Fuel Chevy Suburban at the Exxon station in Ovilla, just south of Dallas. His Suburban died on the spot, because even an E85-equipped vehicle will not run on the 100% pure ethanol that Exxon station was pumping that day. In that case it was not Exxon's fault but a mistake at the distribution center, and Exxon ([XOM](#)) quickly made good for the cost of repairs.

On Jan. 16 of this year, Lexus ordered a massive recall of certain 2006 to 2008 models, including the GS Series, IS and LS sedans. According to the recall notice, the problem is that "Ethanol fuels with low moisture content will corrode the internal surface of the fuel rails." In layman's terms, ethanol causes pinpoint leaks in the fuel system; when leaking fuel catches your engine on fire, that's an exciting way to have your insurance company buy your Lexus. Using ethanol will cost Toyota ([TM](#)) untold millions.

An Unpublicized Trend

Though the media is ignoring it, one can easily find many stories on BMW ([BMWG.DE](#)) blogs relating similar problems with fuel systems damaged by the use of ethanol. Certainly that was the case with Christi Jordan and her 2007 Mini. For weeks it was difficult to start; Moritz BMW in Arlington, Tex., inspected it and found severe carbon buildup inside the engine. On her second trip to the mechanics they decided to test the ethanol content of Christi's fuel and found it was much higher than the federally mandated limit of 10%. This time the fuel pump had been destroyed by the ethanol. The repair bill came to \$1,200: As in all cases where vehicles are damaged by ethanol, legally the factory warranty no longer applied.

Jim Keppler, Moritz's fixed operations director, said he's had at least 10 other cases of ethanol poisoning in Minis over the past six months. Christi was one of the lucky ones; Moritz covered her repairs. But there's no telling how many motorists across the nation have had to pay for fuel pumps, or fuel systems, that ethanol damaged. Most were probably unaware of the real culprit behind the breakdown, because virtually no repair shop tests the level of ethanol in the gasoline when these fuel system problems occur.

And there are active lawsuits from boat owners; ethanol broke down the resins in their fiberglass gas tanks, destroying their marine engines. Additionally, those who deal in small gas engines for lawnmowers, edgers, and weed eaters have quickly learned that, as Briggs & Stratton's ([BGG](#)) Web site warns, "Ethanol-blended gasoline can attract moisture, which leads to separation and formation of acids during storage. Acidic gasoline can damage the fuel system of an engine while in storage. B&S strongly recommends removing ethanol-blended fuels from engine during storage."

Like motorists, if landscaping tool owners put gasoline with more than 10% ethanol in their small engines, that immediately voids any factory warranties. In the case of the Lexus recall, using just a 10% ethanol blend was found to be destroying many of these engines also.

Another Government-Mandated Mistake

It now appears that in just a few years since the government forced ethanol use on the country, engine and fuel system failures caused by ethanol are causing major damage to more and more new and used vehicles.

This means the hapless owners are not only paying for snake oil in lower fuel efficiency and more smog, but pay again when it damages their vehicles and lawn mowers.

We seem to have forgotten, but the promise of turning over farmland for fuel production was to reduce our nation's demand for imported crude. But until this massive economic slowdown, as *Gusher of Lies* (PublicAffairs, 2008) author Robert Bryce pointed out, even while the ethanol mandate was being ramped up we were increasing our imports of foreign oil.

Translation: The entire politically stated purpose of using ethanol had already been proven to be a false one before the program even got fully under way.

No surprise there. The premise that ethanol could give America the freedom to one day stop importing oil has always been fraudulent. Another fun fact: If we outlawed gasoline and diesel, thereby removing every last car, truck and SUV from our highways—no vehicles anywhere on any road in the country—America would still have to import oil because we would still use more crude than domestic production can supply.

Why is that? Crude oil is also used to make fertilizers, aviation fuel, home heating oil, and many other products. Not to mention polyester suits for car salesmen.

Comment Now, Public!

Pushed into it by the corn growers' and ethanol refiners' lobbying organizations, today the EPA is starting to go through the public comment phase on increasing the level of ethanol in our gasoline from 10% to 15%. Time and time again we have heard from these groups, who now claim that there is zero scientific evidence that a 15% blend of ethanol would do any damage whatsoever if the mandate for ethanol were raised. As with all statements made by vested interests, few outsiders have actually taken the time to look and find out whether this statement was true.

In fact, it's false.

Not one mechanic I've spoken with said they would be comfortable with a 15% blend of ethanol in their personal car. However, most suggest that if the government moves the ethanol mandate to 15%, it will be the dawn of a new golden age for auto mechanics' income.

One last thought: Most individuals who have had to repair their fuel systems in recent years never had the gasoline tested to see if the ethanol percentage might be the problem. Today most repair shops and new-car dealers are still not testing for ethanol blends. They're simply repairing the vehicles and sending their unhappy and less wealthy customers on their way. But, where dealer and repair shops are testing the gasoline, ethanol is becoming one of the leading culprits for the damage.

Sadly, when a truly bad idea is exposed today, Washington's answer is to double-down on the bet, mandate more of the same, and make the problem worse. Only this time around motorists will be able to gauge the real cost of ethanol when it comes time to fix their personal cars.

Ed Wallace is a recipient of the the Gerald R. Loeb Award for business journalism, given by the G. and R. Loeb Foundation, and is a member of the American Historical Society. His column leads the Fort Worth Star-Telegram's "Sunday Drive" section. He reviews new cars every Friday morning at 7:15 on Fox Four's Good Day, contributes articles to BusinessWeek Online, and hosts the top-rated talk show Wheels Saturdays from 8 a.m. to 1 p.m. on 570 KLIF.

Ethanol & State of Colorado

Per Michael Charney – State of Colorado, Division of Oil & Safety

Ethanol statute = 8-20-211.5 (nothing above 10% unless clearly labeled as to percentage)

State of Colorado is not pushing Ethanol [special interests are].

State wide complaint number = 303-866-4967. Complainant needs to supply gas station name, address and pump number.

If inspectors find ethanol in excess of 10% (unless clearly labeled otherwise – ie. E85), station is shut down and fuel is removed from tank(s) at seller's expense.

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Note - [] = writer's comments