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Grassley to GMA: Apologize or Lower Prices

Sen. Charles Grassley said Tuesday all he wants from the Grocery Manufacturers Association is either lower prices for consumers or an apology.

Grassley, R-Iowa, wrote a letter to the GMA this week reminding the group of its smear campaign on ethanol and push last spring to tie high food prices to ethanol production. Grassley and GMA slugged it out all spring trying to define the role of ethanol in the rise of commodity prices.

"The association systematically tried to blame ethanol for high food prices without any intellectual factual basis," Grassley said. "Now the truth is being proven from my point of view and backing up what I said in speeches last summer by recent changes in the market."

Last summer, corn prices were nearly \$8 a bushel and soared along with oil prices. Corn prices have since been cut in half, as have oil prices. Grassley noted the amount of corn being used for ethanol production by USDA is exactly the same as projections in May. When oil and grain prices rose earlier this year, the food companies passed price increases on almost immediately to consumers, Grassley highlighted.

"Now, my question is, will lower input costs be passed on consumers with lower food prices?" Grassley said. "Consumers face tremendous anxiety on about everything they spend money for, particularly with a possible recession hitting them. So I hope to hear from the Grocery Manufacturers Association what its members are going to do. Are they going to do the right thing? If not, then it seems the association's credibility is officially shot."

Grassley was asked what he would like from GMA. He said simply that he wanted an apology to state that he was correct if the food manufacturers are unable to lower prices for people.

"If they would just be willing to say they have come to the conclusion that Grassley is right," the senator said, "it would satisfy me a great deal. Now, on the other hand, it would make the consumers feel better, legitimately so, if they lowered their price to reflect the decrease in the price of inputs."