

Abstract

Deflecting a significant portion of corn production to ethanol for fuelling purposes increases the prices of corn. Although many studies examined the relationship between biofuels and agricultural commodity prices in the last decade, their estimates vary broadly (from nil to 85%). Without knowing the precise estimates of these impacts, policymakers can hardly set the biofuel policies optimally. I conduct a meta-analysis of over 150 estimates of the effect of corn ethanol production on corn prices to bring more clarity to the issue. Furthermore, I detect substantial selective reporting bias in the literature. After controlling for this bias with the use of various methods including the mixedeffects multilevel model, the results show that the true effect of a one billion gallon expansion in corn ethanol on corn prices is about 2-3%, which is less than commonly thought.