



Ex-Im Bank in the News

April 10, 2012

"I'm not a Democrat who believes that we can or should defend every government program.... The Export-Import Bank—that's become little more than a fund for [corporate welfare](#)."
—Barack Obama, 2008

As discussion on whether to reauthorize the Export Import Bank (Ex-Im) continues in Congress, more and more news stories and op-eds have surfaced that question whether it is the federal government's role to provide financing in an economy based largely on free enterprise. Below are some examples.

SHOULD TAXPAYERS BET ON EX-IM BANK?

Taxpayer Protection? Ex-Im Bank has two mandates that appear to be contradictory: 1) to finance transactions that the private sector considers too risky; and 2) to lend only when there is a reasonable chance of repayment. Yet, often an investment is seen as more risky because of a lower chance of repayment. Are taxpayers really being protected?

- On March 18, 2012, Tim Carney wrote, "[A heavily subsidized solar company received a U.S. taxpayer loan guarantee to sell solar panels to itself.](#)"
- On August 31, 2011, Heritage blogger Lachlan Markay wrote, "Solyndra suspended operations Wednesday and will soon file for chapter 11 bankruptcy and lay off its 1,100 employees...[The company benefited from another loan guarantee, this one for \\$10.3 million, as part of the Export-Import Bank's 'Renewable Express' program](#), which was created to encourage exports in the renewable energy industry."
- On March 25, 2010, Bloomberg reported that [Ex-Im staff were taken on lavish trips paid for by corporations that later received Ex-Im benefits.](#)
- On December 27, 2007, WFAA in Dallas/Fort Worth reported that, "...loans sponsored by the Export-Import Bank of the United States were made to [non-existing companies for equipment that wasn't even real](#). ...some of the people who got the Ex-Im Bank loans may have drug connections."
- On February 25, 2002, *The Lubbock Avalanche-Journal* reported, "[The Overseas Private Investment Corp. still is owed \\$453 million from the Enron-related projects, while the Export-Import Bank is due \\$512 million.](#)"
- On February 21, 2002, the *New York Times* reported, "[the Export-Import Bank of the United States, a government agency that makes loans to foreign companies to help them buy goods and services from American companies, lent \\$675 million to companies affiliated with Enron, starting in 1993.](#)"

Corporate Welfare? During a time of government over-spending and massive debt, is it appropriate to use taxpayer dollars to pick economic winners and losers?

- On April 8, 2012, the *Washington Post* asserted, “Well, then-Sen. Barack Obama called Ex-Im ‘little more than a fund for corporate welfare’ during his presidential campaign. He had a point: [In fiscal 2011, more than half of Ex-Im’s loans and guarantees supported oil and gas or aerospace companies.](#)”
- On April 8, 2012, Chris Chocola wrote in the *Richmond Times-Dispatch*, “The reauthorization of the Export-Import Bank is a case study in [Washington bureaucrats picking winners and losers and interfering with the free market.](#)”
- On March 29, 2012, the Club for Growth cited an Ex-Im press release and noted that, “the bank agreed to back ‘up to 90%’ of the loans secured by [foreign contracts for four independent films.](#)”
- On March 28, 2012, Don Boudreaux wrote, “[nearly all of the dollar value of Ex-Im transactions goes to big business.](#)”
- On March 20, 2012, Senator DeMint wrote, “[Washington bailouts and subsidies don’t make industries stronger. They pick winners and losers, create unintended consequences for American workers, and often end in expensive failures.](#)”
- On October 20, 2010, *Time Magazine* reported, “Instead of spearheading the new future of air travel, [private companies have been trounced by their state-owned rivals.](#)” On November 2, 2011, *Trade Finance Magazine* reported, “[Air China has raised \\$135 million with a Export-Import Bank of the United States \(US Ex-Im\) guaranteed bond.](#)”

Market Distortions? In some instances, Ex-Im’s practice of providing loan guarantees to less-than-creditworthy foreign purchasers has enabled foreign companies to compete with U.S. companies in ways they otherwise would not have been able to. Is this appropriate?

- On, March 3, 2012, the *Wall Street Journal* noted, “[The bigger issue is that the bank by its nature helps some companies at the expense of others...](#)this subsidy means that foreign airlines can then buy newer aircraft more cheaply than their U.S. competitors.”
- On January 9, 2012, the *Washington Examiner* asserted, “[This sort of U.S.-taxpayer-backed loan guarantee to a foreign company is the bread and butter of Ex-Im a federal agency dedicated to subsidizing U.S. exports.](#)”
- On May 7, 2008, former Heritage analyst Daniella Markheim wrote, “[Government subsidies promote neither U.S. exports nor effective economic development.](#) When the government shifts labor and capital from the economy through taxation and then gives it to specific private companies in the form of export or foreign direct investment subsidies, it does so at the expense of the economy as a whole.”

Appeasing Critics? One of the most vocal corporate critics of the Ex-Im Bank has been Delta Airlines. Well, [look who just got a windfall from the Bank](#): Delta Airlines! Coincidence?

RSC Staff Contact: Ja’Ron K. Smith, x6-9717, or ja'ron.smith@mail.house.gov