



S.C. needs to break Ex-Im Bank

By Andy Koenig

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If Washington doesn't send your hard-earned tax dollars to foreign businesses, South Carolina's economy is going to flounder.

Sound crazy? It is. But that's essentially what proponents of the little-known federal Export-Import Bank are telling your representatives in Washington right now. The bank — which issues taxpayer-backed loans to foreign companies that purchase U.S. exports — will cease giving out loans this summer unless Congress reauthorizes its charter. Now special interest lobbyists are descending on Capitol Hill to convince South Carolina's politicians to keep this blatant corporate welfare alive.

It's now up to their constituents to make sure these politicians don't give in. There are plenty of reasons why the Export-Import Bank should be shut down for good.

In 2014, the Export-Import Bank gave out more than \$20 billion dollars in taxpayer-backed assistance to foreign companies. Altogether, it has taxpayers on the hook for some \$112 billion. Though most companies end up repaying Ex-Im's loans, the Congressional Budget Office still estimates that the bank will add \$200 million per year to the deficit for at least the next decade. That's money taxpayers will have to pay.

That's not the only way Ex-Im harms South Carolina. By financing foreign firms with taxpayer dollars, the bank gives them a leg up over U.S.-based companies that compete with foreign firms. South Carolina's businesses — the vast majority of which do not receive Ex-Im's help — are at a competitive disadvantage.

This disadvantage costs certain American industries dearly. Major industries like South Carolina's critical motor vehicle body manufacturers, tire makers, and parts shops suffer losses from unfair foreign competition, according to an analysis from Cato Institute. This sector and other victimized industries are responsible for a large chunk of the state GDP.

Supporters of the bank tout a few cherry-picked examples to show that it creates South Carolina jobs, but even that should be taken with a grain of salt. The non-partisan Government Accountability Office finds that Ex-Im only shifts jobs from one sector to another, rather than

creating new ones. Ex-Im also uses dubious methodology that may actually double-count the jobs it measures, according to the Mercatus Center at George Mason University.

And you don't get a choice about where your money goes, either. In recent years, Ex-Im has subsidized state-owned companies in Russia, Venezuela, China, Saudi Arabia, and more — and those are just the ones we know about. The bank's own data are rife with missing information. Apparently South Carolinians have been sending money to places like sunny, tropical "unknown."

But perhaps the most important reason that Congress should let the Export-Import Bank die is that it is one of the worst examples of corporate welfare in modern Washington. Of the \$12 billion in loan guarantees Ex-Im gave out in 2013, fully 93 percent went to just five major multinational companies.

These big businesses just don't need the taxpayer's help to turn a profit. In fact, Ex-Im's beneficiaries openly admit they could easily find alternative financing if the bank ceased to offer it. President Obama was right when, in 2008, he called Ex-Im "little more than a fund for corporate welfare."

South Carolina's representatives in Washington should let the bank die when its charter expires this summer. They should do right by their constituents and end this clear example of corporate welfare. For the sake of South Carolina taxpayers, it's time to break the Export-Import Bank. Andy Koenig is a senior policy adviser at Freedom Partners Chamber of Commerce. For more information go to freedompartners.org/us.