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Ex-Im bank doesn't deserve a new lease on life

David Spady

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Do you think your tax dollars should help foreign companies that compete against California businesses and jobs?

That may seem like a stupid question, but it's exactly what happens with the U.S. Export-Import Bank. This federal agency gives cheap loans and other financial support to foreign corporations that compete with California businesses in the global market. By financing private profits at taxpayers' expense, it is the very definition of the corporate welfare all lawmakers claim to oppose while back at home.

With its charter set to expire next month, California's elected representatives should refuse to reauthorize it when it comes to a vote.

First, consider how much money is at stake. In 2014 alone, Ex-Im financed more than \$20 billion in taxpayer-supported deals with foreign companies – that's money you and I are on the hook for. While this fact is maddening in its own right, it's even more so when you consider who's on the receiving end of these deals.

Since 1997, Ex-Im has financed billions of dollars in transactions in countries that don't exactly see eye to eye with America. Included among the list are China, Venezuela, Russia and Pakistan, to name but a few. Some of the recipient businesses are also state-owned, which means American subsidies are flowing directly to foreign governments.

A particularly egregious example: In 2012, the bank gave a 12-year, \$496 million loan guarantee to a Russian state-owned bank called VEB, and an additional \$703 million last year. That's the same bank the Obama administration sanctioned in response to Russia's aggression towards Ukraine last year.

Other unsavory clients abound. The bank's inspector general reported last year that since 2009, 46 people have been convicted of defrauding the Ex-Im Bank – and thus U.S. taxpayers – out of a total 71 federal indictments.

Worse still is that many of Ex-Im's foreign beneficiaries turn right back around and compete with U.S. businesses in the global market. The result is lost American jobs.

A study by the Cato Institute highlighted that Ex-Im has had an especially harmful impact on California manufacturers. The Golden State's first-, second-, fourth- and fifth-largest manufacturing sectors are among the 10 biggest losers under Ex-Im: computers and electronics; chemicals; food and beverage; and other manufacturing companies.

By now, you may be wondering who, if anyone, actually benefits from the Export-Import Bank. In typical Washington fashion, it's primarily the largest corporations who can afford the right lobbyists to shake the right Washington hands.

In 2013, for example, over 90 percent of its direct loans by value benefited only five U.S. companies. Small businesses – which the bank oddly defines as those with up to 1,500 employees – accounted for only 19 percent of the bank's total financial support.

The worst part is that American taxpayers are forced to pay for all of this. According to the Congressional Budget Office, Ex-Im will cost taxpayers roughly \$2 billion over the next decade. That's \$200 million we're adding to our national deficits each year.

Therein lays the real problem with the Export-Import Bank. It uses your tax dollars to help some of the world's largest corporations. When they profit, they get to keep the money; when they fail, the American taxpayer foots the bill.

The only good news is that with the bank's charter set to automatically expire this summer, Congress can put an end to all of this without even taking a vote. However, if there is a vote to reauthorize the Export-Import Bank, our elected representatives should do the right thing and oppose it. Doing so would send a clear message that they are serious about putting taxpayers above the interests of big business.