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GOP should be true to principles and kill Ex-Im

In a true free market, government steps out of the way and allows businesses to compete against one another, reaping whatever successes or failures result from their decisions. As Nobel Prize-winning economist Milton Friedman put it: What we have is not a profit system; its a profit and loss system. The loss part is just as important as the profit part.

Unfortunately, Republicans cant seem to grasp this simple axiom. Though GOP lawmakers talk a big game about wanting to limit government, they are susceptible to big government if they can be convinced that a given policy benefits big business. To show voters they truly believe in free enterprise, Senate Republicans should work to kill the corporate welfare agency known as the Export- Import Bank.

The Export-Import Bank, known as Ex-Im, is a government agency founded by a 1934 executive order from President Franklin Roosevelt. Its ostensible purpose was to promote U.S. exports by making loan guarantees to foreign buyers. Though Republicans raised a stink when the bankruptcy of solar panel manufacturer Solyndra exposed U.S. taxpayers to \$535 million in losses, a large majority of Republican House members voted Wednesday to extend and expand Ex-Im by approving up to \$140 billion in loan guarantees. Without congressional action, the agencys charter would expire at the end of the month.

The government should have no role in choosing winners and losers in trade policy. Not surprisingly, the subsidies doled out by the Ex- Im Bank overwhelmingly go to well-connected firms with powerful lobbyists, such as Caterpillar and Boeing. Critics call it Boeings Bank because the airplane manufacturer accounts for two-thirds of the dollar value of Ex-Im guarantees.

Far from benefitting the economy, the Ex-Im Bank distorts it. By diverting resources from the private sector, the banks activities produce a less efficient economy and lower general standard of living than would occur in a free market for export finance, wrote **Cato Institute** trade policy expert Sallie James in a study published last year.

In a free market, if a given company is producing a product that people want at an acceptable price, that company will thrive without government subsidies. If, on the other hand, the company is engaging in activity thats too risky, then that risk shouldnt be borne by taxpayers.

By not attacking the Ex-Im Bank, The Washington Examiner's Tim P. Carney has argued, Republicans are giving up a golden opportunity to make President Obamas corporate welfare an issue in the 2012 campaign. The issue could be an ideal way for Republicans to stay true to a small-government, free-market philosophy while distancing themselves from big corporations that actually oppose free markets.

Theyll have one last shot to go after Ex-Im this week, when the legislation is expected to come before the Senate. They should do anything in their power to kill it.