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Is the Ex-Im Bank Doomed?

[Joe Nocera](#)

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It's looking pretty grim for the Export-Import Bank of the United States.

Over the last few months, the bank, which extends loans and government guarantees to help American companies export their goods and thus create jobs, has been under intense assault from conservative Republicans opposed to its very existence. Almost every day I get at least one email blast from a conservative think tank denouncing the bank for its “crony capitalism” and “corporate welfare.”

Conservative economists keep pounding away at their belief that, in macroeconomic terms, the Ex-Im Bank's job creation is illusory; whatever jobs might be gained when one company starts exporting are lost at another company, they say. Most of the Republican presidential candidates are falling all over themselves to declare their opposition to the agency, which is set to die unless Congress reauthorizes it by June 30.

In the House of Representatives, Jeb Hensarling, the Texas Republican who is chairman of the House Financial Services Committee — and is an implacable foe of the bank — has made it plain that he is eager to see the bank die, casting the issue as one of free markets versus “business interests.” He has made no moves to introduce a reauthorization bill.

In the Senate, Mitch McConnell, the majority leader, who is also against the bank, has grudgingly agreed to allow a vote on a reauthorization amendment, which supporters hope to attach to a future must-pass bill that would then go to the House.

But don't get your hopes up. “Just because the Senate votes on a piece of crap doesn't mean we have to vote for it,” retorted Representative Mick Mulvaney, a House Republican from South Carolina, [according to Roll Call](#), a newspaper on Capitol Hill. In a news conference this week, Hensarling said that “the momentum is in our favor.” He's right.

There are dozens of countries that have so-called export credit agencies like the Ex-Im Bank. They all do the same thing. They help finance some of their country's exports. Some countries,

like China, use a variety of other techniques to push their exports. Guess how many of those countries are following America's lead in trying to wind down that assistance? [You guessed it: none](#). On the contrary, they're rather enjoying watching the U.S. cut off its nose to spite its face.

The conservative opposition is rooted in ideology, of course. Conservatives argue, for instance, that the government has no business guaranteeing loans if the private sector isn't willing to make them. But this defies reality. In the real world, there are plenty of perfectly good loans that the private sector won't make. Small companies that want to expand abroad have a terrible time getting loans. Big companies often need a government guarantee just to compete for a major contract. After the financial crisis, the Ex-Im Bank increased its financings precisely because the banks were gun-shy. Now that the private sector is making more loans, the agency has backed off.

Another conservative argument I've heard recently is that the big companies that use guarantees from the Ex-Im Bank, such as Boeing, General Electric and Caterpillar, have years of back orders, so they can afford to lose a little business if the agency dies. "Boeing has a backlog of \$441 billion in back orders," said Diane Katz of the Heritage Foundation. (It's now up to \$495 billion, according to Boeing.) "They can't keep up with all the work." She can't really mean to say that it's O.K. if Boeing, America's largest manufacturing exporter, loses business, can she?

A third argument is the macroeconomic one: that ultimately the Ex-Im Bank does not create net new jobs. "Whenever you subsidize a U.S. company, you are ignoring the fact that other U.S. companies could have made that same sale" without the subsidy, said Daniel Ikenson, the director of trade policy studies at the Cato Institute and a leading proponent of this theory.

But I wonder. [Reuters this week reported](#) that General Electric will lose a \$350 million deal to build locomotives for Angola without the Ex-Im Bank's assistance. The winner won't be another American company, though; it will be a Chinese company, which will have export credit financing. [The Times wrote about another G.E. deal](#), this one a \$668 million public water project, done in partnership with a second company, that relied on Ex-Im loan guarantees. Without the bank, the second phase of the project will again be lost to a Chinese rival. [The Wall Street Journal recently told](#) the story of Air Tractor, "a maker of crop-dusting and firefighting aircraft in the rural West Texas town of Olney" that will lose a quarter of its business without the Ex-Im Bank. How is that a good thing?

Over the last half-dozen years, Republicans have done many things that have hurt the American economy and the American worker, [including the debt-ceiling crisis](#) of a few years ago. If they succeed in eliminating the Ex-Im Bank, you'll be able to add that to the list.