

# THE MORAL LIBERAL

## *Stop Welfare on Export-Import Bank*

LIBERTY ALERT, JBS FREEDOM CAMPAIGN

President Obama's most recent push focuses on promoting manufacturing and doubling America's exports. A [February White House release](#) reports \$3 billion was rolled back into the U.S. Treasury since 2005 as a kind of profit from Export-Import Bank loan activities. Authorization for the Ex-Im Bank expires in May 2012. Legislation is in the hopper that would extend that authorization; opposing legislation also exists that would terminate the program. Question is, what does the Ex-Im Bank really accomplish?

Established in the 1930s under an executive order by FDR as a portion of his New Deal bureaucracy, the Ex-Im Bank was to aid in financing and facilitating exports and imports between the U.S. and other nations or agencies, and specifically the Soviet Union. Loans (direct and intermediary for re-lending) to overseas customers would be given, backed by the full faith and credit of the United States. In return, foreign customers would agree to purchase products from certain producers — a win-win for recent loan customers such as China National Nuclear Power Corporation, the failed Solyndra, General Electric, Boeing, and the failed Enron, all having been politically favored by the Ex-Im Bank.

In the [2011 annual Ex-Im report](#) 44 percent of \$32.7 billion in federal financial aid went to just three corporations — Boeing, General Electric and Black and Veatch International, an engineering firm. [That's \\$13.5 billion](#) in help securing export business they should have been able to secure for themselves. Critics say this is corporate welfare and subsidization. Candidate Barack Obama was one of those critics. [In a speech in Green Bay, Wisconsin](#), September 22, 2008, he said the Ex-Im Bank was "little more than a fund for corporate welfare."

The [Ex-Im Bank awards and serves](#) very few who profit tremendously from the program. A [Cato Institute analysis](#) reports that awards of the Ex-Im Bank process are "redistributing resources from the productive sector to its chosen clients." This is a distortion of the economy, and inserts politics into commercial decisions in an attempt to "correct market failure" in cases of supposed unfair competition.

The "unfair competition" argument is sure to be a major talking point for both Democrats and Republicans who support extending the Ex-Im Bank's charter for several more years, and also extending the loan cap upwards to \$113 billion, or even \$140 billion as in the case of [H.R. 4302](#) (1 sponsor) and companion bill S. 1547 (1 sponsor). However, according to the Cato Institute article cited above, "The claim that the bank supports U.S. exporters who face unfair competition from subsidized firms abroad is unverifiable, as the bank does not publish figures regarding the extent of this countervailing activity."

While Americans continue to see a ballooning national debt already over \$15 trillion, and their once-secure futures ransomed, it's crazy to allow these bureaucrats to provide advantageous funding for private corporations while the fact remains that taxpayers are significantly exposed to billions of dollars of risk through potential defaults for Ex-Im foreign loans and loan guarantees in a highly volatile and faltering global financial market. Take it from the Ex-Im Bank Mission statement page: "We assume credit and country risks that the private sector is unable or unwilling to accept."

**Help make the Ex-Im Bank a thing of the past by urging your Senators and Representative to shut it down** and let companies and foreign customers find their own private funding sources. Real growth comes from honest competitiveness, not market manipulation. Have them support [H.R. 4268](#), the Export-Import Bank Termination Act of 2012, to end unfair policies of an agency whose activities are outside the enumerated powers of the Constitution.