

How the Ex-Im Bank games the system

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Hardworking Nevadans shouldn't be forced to gamble away their tax dollars on corporate welfare. It's a lesson our representatives should take to heart. Although principled lawmakers like Joe Heck know better than to support corporate welfare, many others haven't learned that crucial lesson.

The U.S. House of Representatives just voted to bring back the Export-Import Bank, which gives major businesses and their foreign trade partners sweetheart deals, unwillingly backed by taxpayers like you and me. Special interests, however, weren't able to stop Rep. Joe Heck from voting "no" — and with good reason.

Congress made a different kind of decision not long ago, rightfully giving taxpayers a victory by shuttering the Ex-Im Bank this summer. It's hard to disagree with what Barack Obama once called it: "little more than a fund for corporate welfare." Ex-Im's purpose was to offer financing that encouraged the sale of American exports. That's where the corporate welfare comes in. In practice, the Ex-Im's support for American companies extends to a small group of well-connected, highly profitable companies. For example, 64 percent of Ex-Im funding went to just ten companies in 2013. In 2014, one corporation took home 40 percent of the Ex-Im winnings.

And guess where much of Ex-Im's overseas subsidies went? Between 2007 and 2014, 18 of the major foreign business partners Ex-Im subsidized were state-owned corporations in places like Saudi Arabia, China, and Russia.

It's bad enough that taxpayers are on the hook for all this, but it gets worse: These sweetheart deals guarantee profits for some "lucky" American exporters and their foreign partners, but they weaken our economy in the process and impose real costs nationwide.

Here's just one way it hits close to home. Manufacturing provides thousands of jobs throughout Reno and Washoe County. Yet because of the cheap financing that Ex-Im gives this industry's foreign competitors, key manufacturers such as the food industry suffer a competitive

disadvantage that costs hundreds of millions of dollars a year, according to an analysis by Cato Institute.

Ironically, although Ex-Im is supposed to promote American exports, it's actually hurting Nevada's major sources of export growth. Key American industries like plastic manufacturing, food and agriculture, and toys have driven Nevada's exports in the last few years, yet Cato's research finds that these sectors suffer tens of millions of losses from Ex-Im every year.

In fact, 80 percent of Nevada's manufacturing output comes from sectors negatively impacted by Ex-Im. Mining, a historically important industry in Nevada, is yet another example. Ex-Im poured \$10 billion into an Australian mining project owned by Australia's richest woman. The project was to compete directly with American mines and cost that industry over \$1 billion.

Why are so many of our representatives supporting this? They should be on our side, not the side of our foreign competitors.

That's especially true when you consider that Ex-Im is losing money for the taxpayer. The Congressional Budget Office pegged the bank's losses at \$2 billion over the next decade. And that's assuming nothing goes wrong with the bank's \$112 billion portfolio. Hardworking Nevada taxpayers are on the hook for every last cent.

It's hard to see the Export-Import Bank as anything more than a casino that's rigged for the house and its favorite customers. Not only is the Ex-Im Bank unfairly picking winners and losers, but it's doing so at the expense of hardworking Nevadans. We deserve better. It's time to thank Rep. Heck for opposing this, and ask others who support it why they are gambling with our money and livelihood.