



Written by [Veronique de Rugy](#) on September 8, 2018

Will the Export-Import Bank Rise Again?

At the end of August, the Senate Banking Committee voted Kimberly Reed out of the committee to become the new president of the U.S. Export-Import Bank. But before she can start her job, she must win a confirmation vote in the full Senate. This is the first step to restore the past glory of an agency mostly devoted to serving big corporate interests at the expense of millions of non-subsidized American firms, workers and taxpayers.



One of the core businesses of the Ex-Im Bank is backing loans made to foreign customers of domestic companies. For the most part, both the clients getting the loans and the domestic firms being subsidized are large and successful companies with plenty of access to capital. On the domestic side, before Ex-Im lost a large portion of its lending authority in 2015 due to the lack of quorum on its board of directors (it needs three members to approve deals above \$10 million), 65 percent of its activities benefited 10 very large and successful companies, like GE, Caterpillar, Applied Materials and the Sikorsky Aircraft Corporation.

But nobody benefited more than the aerospace behemoth Boeing. Between 2007 and 2014, companies purchasing products from Boeing received 70 percent of all loan guarantees and 40 percent of all Ex-Im handouts, earning the agency the nickname “Boeing’s Bank.”

The top foreign beneficiaries of Ex-Im were a Who’s Who list of giant and often state-owned companies. They include Emirates airline, Ryanair and China Air. But none benefited more than PEMEX, the Mexican state-owned oil and gas firm. Between 2007 and 2014, it received a total of \$7 billion on loan from Ex-Im, which would seem to conflict with the stated anti-fossil fuel position of the Obama administration during that time.

That may come as a surprise to many Democrats, since they (with the notable exception of Sen. Bernie Sanders) were fervent defenders of the agency’s reauthorization a few years ago in the name of helping small businesses. Yet as the numbers demonstrate, the agency was never about small businesses. While the bank had a quorum from 2007 through 2014, small businesses still only received 20 percent of the support it provided. That combined total is half the size of Boeing’s windfall. Minority-owned businesses and women-owned businesses didn’t do too well compared with Boeing either, at 2 percent and 1 percent of that support, respectively.

Stopping Ex-Im from making deals above \$10 million — due to the lack of quorum — has had the effect of shifting some of the bank’s activities toward small businesses. From 2015 through 2017, the portion of the bank’s support directed to small businesses increased to 38 percent; the portion directed to minority-owned businesses increased to 6 percent; and the women-owned businesses’ share grew to 3 percent. For the first time ever, the small-business allocations of funds are now bigger than Boeing’s, which currently benefits from 25 percent as opposed to 40 percent of the bank’s handouts. Incidentally, Boeing has still managed to prosper during the last few years despite this cut to its government largesse.



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You'd think Democrats would be delighted about the new small-business focus for the agency, but you'd be wrong. Some are expanding a great amount of energy lobbying for the restoration of GE's and Boeing's perks. Yet to do that, they need more than Reed's confirmation as bank president; they need the confirmation of other members to the board of directors.

That was the message from Sen. Heidi Heitkamp, D-N.D., back in July during Reed's nomination hearing. Her office released a statement calling for the speedy confirmation of Reed, "as well as the nominations of three others selected to serve on the Ex-Im Bank Board." As the senator noted, "I hope the few senators blocking these nominees from moving forward will do the right thing for American workers and businesses by instead enabling these nominees to get confirmed."

I hope they don't. If Heitkamp gets her way, cronyism will get a boost. High-level lending to large foreign companies at preferential terms will resume and continue to be backed by U.S. taxpayers. It will continue to feed the swamp and the government's corporate handout system.

Veronique de Rugy is a senior research fellow at the Mercatus Center at George Mason University. To find out more about Veronique de Rugy and read features by other Creators Syndicate writers and cartoonists, visit the Creators Syndicate webpage at www.creators.com.

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