



Written by [Thomas R. Eddlem](#) on July 9, 2014

Crony Capitalists Rally for ExImBank Subsidies to Mega-Corporations

The rising opposition in Congress to renewal of the charter for the Export-Import Bank from Tea Party congressmen has spawned an all-out effort by crony capitalist lobbyists in organizations such as the U.S. Chamber of Commerce.

The *Wall Street Journal* [reported](#) July 7 that “the primary defeat last month of Majority Leader Eric Cantor (R, Va.), who was a big proponent of the bank, and the growing sway of tea party and other conservative groups within the House GOP conference has bolstered opposition to the bank.”



That push is being led by Tea Party Republicans elected in the 2010 and 2012 elections. Utah Senator Mike Lee and Michigan Congressman Justin Amash — both of whom went to Washington in the midst of the 2010 Tea Party foment — have both [sponsored legislation](#) to abolish the ExImBank. “The Export-Import Bank has always been a bad idea and needs to be shut down,” Rep. Amash said. “Export subsidies, like those provided by the Export-Import Bank, serve only to enrich well-connected special interests at the expense of the rest of the country.”

But the crony capitalists are pushing back with an aggressive lobbying effort. “There’s a full inside-the-Beltway, outside-the-Beltway push,” Christopher Wenk, senior director of international policy at the U.S. Chamber of Commerce [told](#) the *Wall Street Journal* last month. “We’re burning up shoe leather.” Moreover, the Chamber of Commerce recently endorsed Amash’s Republican primary opponent, Brian Ellis, who supports ExImBank subsidies. Ellis has [threatened to put \\$1 million of his own money into the race](#), and the [Chamber of Commerce has put together a \\$50 million fund targeting Tea Party Republicans](#) across the nation.

The *Wall Street Journal* [reported](#) July 7 that politically connected corporations are also lobbying aggressively, noting the effort was “part of a lobbying push by corporations such as Boeing Co. and General Electric Co., and business groups such as the U.S. Chamber of Commerce and National Association of Manufacturers.” It’s hardly surprising that those companies would lead the lobbying push, as they are the prime beneficiaries of ExImBank’s loans. Recipients of ExImBank loans and loan guarantees constitute the very elite of Wall Street insider mega-corporations. A corporate membership in the establishment New York City-based Council on Foreign Relations is almost a prerequisite for a loan from the ExImBank. The [largest recipients](#) of loans from ExImBank are companies such as Boeing, General Electric, Lockheed Martin, Deere & Company, Sikorsky Aircraft, and Dupont. All but the last two are [CFR corporate members](#).

The charter renewal vote in Congress will come just weeks after the June 24 *Wall Street Journal* [report](#) that the ExImBank has endured a bribery scandal where it has “suspended or removed four officials in recent months amid investigations into allegations of gifts and kickbacks, as well as attempts



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to steer federal contracts to favored companies, several people familiar with the matter said.” House Speaker John Boehner has even speculated the bribery scandal may bring down the bank. “Given where the Export-Import Bank is today, and given accounts of what’s gone on down there in terms of kickbacks and other things,” Boehner [said](#) at a June 25 news conference, “it’s clearly time for all of the members to take a serious look at this.”

The bribery scandal has prompted a satirical YouTube cartoon called [“The Kronies: Laughing All the Way to the Export-Import Bank”](#) where the congressionally chartered private corporation is lampooned for loaning money to doomed corporations such as Enron and Solyndra. The Export-Import Bank (ExImBank) was created by Congress to encourage private investments in the Soviet Union at a time that the Stalinist state had a history of confiscating private property. In 2012, Congress increased the ExImBank’s credit exposure to \$130 billion — a theoretical risk to taxpayers that has occasionally meant tax funds flowed to it. The ExImBank has endured some year-over-year losses, including heavy losses in 1987 that required a \$3 billion taxpayer bailout. It also had [losses](#) after the Asian financial crisis of the 1990s. But it has had a profit overall since 1990, and returned \$1 billion in profit to the U.S. Treasury in 2013.

But the claim by proponents of the bank that ExImBank doesn’t cost taxpayers any money was lampooned by the Congressional Budget Office in a [study](#) released in May. “Ex-Im Bank’s six largest programs would generate budgetary savings of \$14 billion under FCRA [Federal Credit Reform Act] accounting but cost \$2 billion on a fair-value basis,” over a 10-year period, the report concluded, noting that the accounting methods of ExImBank failed to account for risk to taxpayers for future losses in its reports to Congress.

As the report makes clear, the government’s method of accounting does not take into consideration the “market risk” of making loans to entities that may default on the loans. The report states:

Market risk is the component of financial risk that remains even after investors have diversified their portfolios as much as possible; it arises from shifts in macroeconomic conditions, such as productivity and employment, and from changes in expectations about future macroeconomic conditions. The government is exposed to market risk when the economy is weak because borrowers default on their debt obligations more frequently and recoveries from borrowers are lower.

Although ExImBank is charged with supporting U.S. exports, the actual recipient of the loans and loan guarantees from ExImBank are usually foreign corporations and governments, such as [billions for Mexico’s state oil company, Pemex](#).

Ending the U.S. taxpayer subsidy for insider Wall Street corporations and super-rich branches of foreign governments — a type of reverse Robin Hood — through the ExImBank is part of the larger Tea Party effort to stop crony capitalism. The vote in Congress is guaranteed to be a true test of which congressmen believe in free markets and which support corrupt government subsidies to the richest members of society from the taxpayer.

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