



## Ex-Im Bank Now Hot Issue in Congressional Campaigns

You might not be able to tell the Right from the Left, or the Tea Party favorites from “mainstream” Republicans, without a scorecard in the late-blooming controversy over the U.S. Export-Import Bank.

The bank’s charter is due to expire at the end of September, and the U.S. Chamber of Commerce, often at odds with Barack Obama and his policies, is aligned with the president in encouraging business people to urge their representatives and senators in Congress to renew the program, which provides government loans and loan guarantees at below market rates to foreign customers of U.S. exporters.



“The Export-Import Bank of the United States (Ex-Im) is one of the most important tools at the disposal of U.S. companies to increase exports and create jobs,” the U.S. Chamber says on its website. “The benefits of its programs to the U.S. economy are plain: In fiscal year 2013, Ex-Im provided financing or guarantees for \$37.4 billion in U.S. exports, thereby supporting more than 200,000 American jobs.” President Obama, who as a 2008 candidate for president called the Ex-Im bank “little more than a fund for corporate welfare,” is also urging support for charter renewal.

“If Congress fails to act, thousands of businesses, large and small, that sell their products abroad will take a completely unnecessary hit,” the president said in his radio address Saturday.

Senator Kay Hagan (D-N.C.) is with the Chamber and Obama for Ex-Im reauthorization, while her Republican opponent opposes it despite his support from big business, the *New York Times* reported Tuesday.

And while the Tea Party is known for its opposition to government-business partnerships often denounced as “crony capitalism,” Joni Ernst, the Tea Party-backed Republican candidate for U.S. Senate in Iowa, is parting company from many of the grassroots organization’s activists by supporting charter renewal for the bank, saying it helps manufacturers who are creating jobs in her state.

In Louisiana, Sen. Mary Landrieu, considered a vulnerable Democrat by Republican strategists hoping to capture a Senate majority for the GOP, supports the Chamber’s position on the bank, while two Republicans competing for the right to run against her are divided on the issue.

Even Senate Minority Leader Mitch McConnell, a Kentucky Republican, opposes renewal for the Ex-Im Bank, despite his endorsement by the U.S. Chamber.

“We are not a single-issue organization,” said chamber spokeswoman Blair Latoff Holmes, explaining to the *Times* why the chamber is supporting McConnell and other Republicans. “Over all, if you look at the Democrats’ position on issues such as tax rates, regulations, energy and the E.P.A., unions, free speech and trial lawyers, you can see why the chamber supports the members that we do.”



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Still, if the Ex-Im Bank is as crucial to the task of encouraging exports and supporting those 200,000 export-related jobs that the chamber cites, renewal of its charter would have to be considered an important issue in races for both houses of Congress, including the Second District race in eastern Connecticut, where Republican challenger Lori Hopkins-Cavanagh has called the Ex-Im Bank “a big corporate welfare slush fund for crony-capitalists that does little to nurture small and medium-sized businesses or grow high paying jobs in the 2nd District.” Democrat Joe Courtney, the district’s four-term incumbent, argues that the bank has helped a number of small to medium-sized businesses in the district, while maintaining an overall default rate of 0.21 percent, far smaller than the average U.S. bank default rate of around three percent. “I’m dumbfounded by the resistance” to renewing the Export-Import charter, Courtney told the *Connecticut Mirror*.

Many have found the controversy surprising, given the number of times Congress has more or less routinely voted reauthorization of the 80-year-old institution since it was created by executive order of President Franklin Roosevelt in the Depression-dominated year of 1934. Congress passed reauthorization by a large margin just two years ago.

But a growing sentiment against “crony capitalism” has clouded the long-standing favorable view of the bank, as has the realization that despite President Obama’s pitch for the bank as financier for businesses both “large and small,” the lion’s share of the funding goes to very large corporations that critics say are well capable of finding the capital they need in private markets.

Another concern is that despite the low default rate cited by Rep. Courtney, the U.S. Treasury and the taxpayers who pay into it are stuck with the bill when a foreign customer, be it a government or private business, is unable to pay off a loan. And given the size of the loans approved by the bank, even a very small number of defaults can add up to many billions of dollars.

GE and Caterpillar, Inc. are among the multinational corporations on the A-list of the bank’s corporate clients. So is Boeing Co., the leading manufacturer in the aircraft and aerospace industries. Indeed, the Ex-Im might almost be called the Bank of Boeing, since a whopping 87.2 percent of Ex-Im loans in fiscal year 2012 went to Boeing customers, according to Ex-Im’s annual report.

Does Boeing, a company that finished last year with \$86.62 billion in revenue, \$4.59 billion in net earnings and \$441 billion in backlog orders, need that kind of assistance? Perhaps the question should be, do President Obama and other elected officials, both Democrat and Republican, need Boeing? According to a December 2012 report in the *Washington Examiner*, Obama received \$170,000 from Boeing executives and employees for his reelection campaign in 2012, or 50 percent more than Republican Mitt Romney received from the same source. But it was less than Obama received in his first presidential campaign in 2008, when he was describing the Ex-Im Bank as a provider of “corporate welfare.” That year Obama raised \$200,000 from Boeing personnel, according to the Center for Responsive Politics. That was double the previous record and five times the amount Boeing brass bestowed on the McCain campaign.

Boeing personnel and board members are in and all around the Obama White House, Tim Carney of the *Washington Examiner* reported, starting with the company’s chairman and CEO Jim McNerney, who is also chairman of the President’s Export Council, or the “export czar.” Obama adviser Bill Daley, hired as the president’s chief of staff in 2011, was a member of Boeing’s board of directors. Clinton chief of staff John Podesta, who headed the Obama-Biden transition team after the 2008 election, is also head of the Podesta Group, a lobbying firm retained by Boeing. Those and other Boeing connections might have something to do with Obama’s conversion on the Ex-Im and why support for its charter renewal now fits



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nicely into the president's call for a "New Economic Patriotism."

A number of conservative organizations preaching free-market economics are not feeling very patriotic about the U.S. Export-Import Bank, however. The Conservative Action Project, a coalition of conservative groups including Heritage Action, Citizens United, and Club for Growth, has urged Congress to let the bank's charter expire.

"The Export-Import Bank distorts the free market by providing loans to politically favored companies, at the expense of their competitors who receive no such help," a CAP memo states. "It uses taxpayer dollars to subsidize goods and services that benefit foreign regimes, including Russia and China. To close the door to cronyism, the Export-Import Bank should not be reauthorized."



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