



Corporate Welfare: Ex-Im Bank Being Revived by Trump

After lying fallow for nearly four years, the Export-Import Bank is being revived by one of its most vociferous critics: President Donald Trump. On Thursday the Senate, at the urging of the president and with the assistance of Senate Majority Leader Mitch McConnell, [confirmed three people](#) to fill vacancies at the bank, bringing it back to full strength.



That means that the bank, once limited to guaranteeing loans of \$10 million or less, will now be able to go full throttle, helping big U.S. companies (who don't need the help but are always willing to accept it) such as Boeing, Caterpillar, and General Electric with billions in loan guarantees.

The bank's charter expires on September 30. If, as appears likely, Congress extends it (as it has ever since the bank's inception in 1934), then not only will the biggest companies in America be able to obtain financing for their exports by putting the American taxpayer at risk instead of themselves, but their export partners will also benefit.

One of those export "partners" is communist China, Trump's adversary in the escalating trade wars. Trump's mouthpieces Larry Kudlow and Peter Navarro, who have been pushing for the bank's resuscitation, claim that since China has its own Ex-Im bank, the United States needs one too — to "level the playing field," of course.

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As senior research fellow at George Mason University Veronique de Rugy warned last fall in an article republished at The New American, "Nobody benefited more than the aerospace behemoth Boeing. Between 2007 and 2014 companies purchasing [aircraft and related 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 agency's original mission was to help small businesses obtain financing during the Great Depression when they couldn't find it through regular lending sources. Mission creep has since put those small businesses in the background, with only about 20 percent of those loan guarantees going to them.

Those loan guarantees also help the American companies' foreign purchasers as well, since they don't have to provide their own financing. The U.S. taxpayer will assume the risk instead. As de Rugy noted last September, if the agency is revived by filling those empty board seats, then "high level lending to large foreign companies at preferential terms will resume and continue to be backed by U.S. taxpayers. [The bank] will continue to feed the swamp and the government's corporate handout system."

De Rugy expressed her chagrin upon learning of the resuscitation of the nearly moribund agency:



Written by [Bob Adelman](#) on May 9, 2019

“Fools like me who believed that President Trump would “drain the swamp” in Washington have been enduring one disappointment after another. For the latest, he has exerted political pressure so the swampiest agency in town, the Export-Import Bank, can be restored to its full potential.”

At bottom, the agency provides corporate welfare to companies who don’t need it but are more than happy to take it. As de Rugy put it: “This agency inflates the profits of the politically connected on the taxpayer’s dime. It also artificially grants an edge to foreign companies against which unsubsidized American businesses have to compete.”

It’s crony capitalism at its very worst.

The subsidy is buried in those loan guarantees, but the cost is very real, amounting to about one percent of each loan that is guaranteed by the bank. In other words, on a \$50 billion loan guarantee granted to Boeing, the taxpayer subsidy is \$500 million. Even for a company the size of Boeing, that’s a nice addition to its bottom line, not to mention freeing up its loan capacity for other projects.

It also assists foreign buyers such as China. As de Rugy complained: “Restoring Ex-Im to its full board means reverting to a system that was subsidizing China. After all, the largest foreign Ex-Im beneficiary in 2014 was none other than China.”

President Trump needs to listen more to people such as de Rugy. Instead of draining the swamp, as he promised as candidate Trump, he’s helping to refill it.

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