



Written by [Joe Wolverton, II, J.D.](#) on June 28, 2012

Pres. Obama Approves 126 Million Loan to Communist Vietnam for Satellite

On Monday President Barack Obama [issued a memorandum](#) instructing the Secretary of State that he authorized the Export Import Bank to loan Vietnam nearly \$126 million. In the memo, President Obama insists that making the loan was “in the national interest of the United States.”

Specifically, the money is earmarked for use by the Vietnam Post and Telecommunications Group (VNPT), a company completely owned and controlled by the Communist government, to cover the cost of parts and labor for a high-tech television and telecommunications satellite manufactured by Maryland-based aerospace and defense contractor Lockheed Martin.



According to figures released by the United Nations in 2007, VNPT is the second-largest company in Vietnam. For its part, Lockheed Martin is an enormous enterprise, employing more than 123,000 people worldwide with 74 percent of its revenue coming from military contracts.

Per applicable provisions of the Export Import Bank Act of 1945, the President must personally approve any loan of more than \$50 million to any country ruled by a communist regime. The Act provides that the President may sign off on such a loan only after determining that the loan would serve American interests.

There is little doubt that the loan serves the interest of Lockheed Martin. The sale of that satellite will bring a tidy sum to the company, much of which will no doubt be funneled right back to Congress and the White House.

[Figures released by OpenSecrets.org](#) reveal that during the 2012 election cycle, Lockheed Martin has donated over \$1.6 million to members of Congress and \$27,548 to the re-election campaign of President Obama.

Of course, savvy businessmen such as those in charge over at Lockheed Martin would never put all their eggs in one basket; they have generously given over \$19,000 to the Romney 2012 campaign, as well.

Naturally, President Obama paints the loan as a boon to the American working man. The Export-Import Bank “will help American businesses create jobs here at home and sell their products around the world — all at no cost to taxpayers,” [he said in a statement](#).

The bank was all too pleased to help the Vietnamese communists improve their intelligence-gathering capabilities, although the bank president’s statement makes no mention of that aspect of the deal.

“I’m pleased that President Obama has given the board the authority to advance this loan application



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from Vietnam, which is one of the nine countries Ex-Im has identified as offering U.S. exporters the greatest sales opportunities,” said Fred P. Hochberg, chairman and president of the Export Import Bank. “We hope to support more U.S. companies’ exports to Vietnam, which in turn will support more American jobs.”

Money from the Export Import Bank has been available to the Vietnamese since 1998 when President Bill Clinton issued an edict declaring it to be in the national interest of the United States to do business with the Socialist Republic of Vietnam.

With the President’s approval in place, the board of the bank will now vote whether to send the offer to Congress for its “review and comment.” Statutorily, Congress is given 35 days in which to make any comments and recommendations about the loan. At the end of that period, the board will take a second vote which will determine whether and when the funds will be sent to the government of Vietnam.

While the legislative branch is authorized in the Export Import Bank Act to “comment” on the potential loan, it may neither cancel nor approve the transaction; it may only send any questions or concerns to the bank’s board of directors in advance of the final vote by that body.

If finally approved, the communist Vietnamese government will use the money to cover the cost of the recent purchase and deployment of the Vinasat-2 satellite launched by that nation in May from French Guyana. According to the government officials in charge of the project, Vinasat-2 “will provide communication for fishermen at sea, deliver weather forecasts and ensure defense security.”

In other words, the President is loaning money to Vietnam that it will in turn pay to Lockheed Martin, who will build a sophisticated defense and telecommunications satellite for use by the communist regime in that country. Then, the money from that sale will be doled out to politicians who promise to keep the wheel turning.

And there is no doubt that the wheel of fortune will keep spinning. Last year, the Export Import Bank approved nearly \$33 billion in loans, a record total.

The *Wall Street Journal* [Market Watch](#) praised the Export Import Bank for its help in keeping America working.

[The Export Import Bank] is an independent federal agency that helps create and maintain U.S. jobs by filling gaps in private export financing at no cost to American taxpayers. In the past five years, [the bank] has earned for U.S. taxpayers \$1.9 billion above the cost of operations. The Bank provides a variety of financing mechanisms, including working capital guarantees, export-credit insurance and financing to help foreign buyers purchase U.S. goods and services.

[The Export Import Bank’s] total authorizations are supporting an estimated \$41 billion in U.S. export sales and approximately 290,000 American jobs in communities across the country.

Some experts say the bank is in reality destroying the American middle class and the small business owner, however. In testimony given to the House Subcommittee on International Monetary Policy and Trade, the Director of the Cato Institute’s Project on Global Economic Liberty, Ian Vasquez warned Congress:

The Bank takes resources from the U.S. economy and diverts them toward politically determined, less efficient uses, its intervention creates distortions in the national economy and imposes opportunity costs that are surely higher than the added value of the Bank’s intervention.

Vasquez also testified that:



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the Bank benefits particular firms and their shareholders at the expense of taxpayers and the vast majority of U.S. exporters that do not receive the agency's subsidies. When the "market failure" and "level playing field" rationales of Ex-Im Bank finance are also scrutinized, reasons to fund this example of corporate welfare are difficult to find.

According to figures provided by Lockheed Martin in [a press release announcing the sale of the satellite](#), its net sales for 2011 topped \$46.5 billion. Is that the sort of "small business" in need of a handout that the President claims is the beneficiary of the Export Import Bank's loans?

The bottom line for constitutionalists is not just monetary, however. Congress should not continue to subsidize large American corporations at the expense of the American middle class and small business owner. There is not a single line in the Constitution authorizing the use of funds in the American treasury to pump up the profits of a few politically favored businesses who keep those same congressman in office through multi-million dollar campaign donations.

The Export Import Bank of the United States was [rechartered by Congress last month](#) by a vote of 330-93 in favor in the House and 78-20 in the Senate. The Bank will now not come up for reauthorization until September 2014.



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