



Written by [Bob Adelman](#) on April 17, 2017

## Trump's Strange Reversal on Ex-Im Bank: Names One Opposed to It to Run It?

When Representative Justin Amash (R-Mich.) learned on Friday that President Trump intended to resuscitate the Export-Import Bank by naming two people to its board (it has been limping along with just three out of five board members present), he nailed it, [tweeting](#), “ExIm corporate welfare bank is the symbol of D.C. cronyism. It steals from taxpayers to subsidize big corporations. End ExIm. Drain the Swamp.”



For a while it looked as if the Ex-Im Bank was for all intents and purposes dead. In 2015, the House failed to renew its charter for the first time since 1945. However, it received a little oxygen through the use of a discharge petition tied to a major transportation funding bill that allowed it to operate through September 2019, although it would be unable to guarantee taxpayer-backed loans of more than \$10 million as long as it had only three people on its board.

During his presidential campaign, Trump was death on the Ex-Im Bank, claiming that it was “featherbedding” for politicians and huge corporations.

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And then came a conversation with the president of one of those “huge” corporations: Dennis Mullenburg, CEO of Boeing. That conversation took place in December at Trump’s Mar-a-Lago resort in Palm Beach, Florida. *The New American* covered the story, noting especially Trump’s displeasure with how much the new Air Force One aircraft Boeing was building would cost. Said Trump at the time: “We’re going to get it done for less than [the \$4 billion price tag], and we’re committed to working together to make sure that happens.” *The New American* article noted at the time that “Mullenburg’s company, generating nearly \$100 billion a year in revenues, is greatly dependent upon [the federal] government for a large part of those revenues.”

On Friday Bloomberg noted that “Boeing Co. Chief Executive Officer Dennis Mullenburg is said to have helped change the president’s view of the agency. Boeing is by far the largest beneficiary of the [Ex-Im] Bank among exporters, to the tune of several billion dollars annually, followed by General Electric Co.”

Now, Trump has reversed his position, justifying his flip: “Instinctively, you would say, ‘Isn’t [providing taxpayer-guaranteed funding for corporations who could do it on their own] a ridiculous thing? But actually, [after that conversation with Mullenburg], it’s a very good thing.”

He followed through by announcing on Friday his intention to nominate Scott Garrett as the bank’s president, and Spencer Bachus as a member of the board. Here’s the twist: While in Congress, Bachus (R-Ala.) supported the bank but Garrett (R-N.J.) didn’t. In fact, while serving seven terms in Congress, Garrett made no bones about his opposition to the bank. On October 27, 2015, he called it “taxpayer-funded welfare” for big companies, tweeting, “I opposed the House’s vote to reauthorize the corporate welfare program known as the Ex-Im bank. Crony Capitalism.”



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The Ex-Im Bank, created by executive order by then-President Franklin Roosevelt in 1934, was granted agency status in 1945. It was sold to the American people as a tool to expand small businesses either seeking to grow overseas but lacking the capital to do so, or unwilling to take on the risk, or unable to find private banks to guarantee payment in the event of an overseas customer's default. It has morphed into a funnel of corporate welfare to the largest U.S. companies, such as Boeing, General Electric, Caterpillar, Bechtel, Exxon Mobil, Applied Materials, and Westinghouse. In fact, between 2007 and 2013, the Ex-Im Bank subsidized some \$100 billion in sales for these companies, with Boeing getting the lion's share at \$66.7 billion.

What's ironic in all this is that, as a candidate, Barack Obama labelled the Ex-Im correctly, stating, "I am not a Democrat who believes that we can or should defend every government program just because it's there. There are some that don't work like we had hoped, like ... the Export-Import Bank that has become little more than a fund for corporate welfare."

Once in office, however, the new reality set in, with President Obama finding it "expedient" to change his mind as his relationship with Jeffrey Immelt, head of General Electric, solidified. He named Immelt to his Economic Recovery Advisory Board. Obama's reversal then sounds strangely familiar now:

Past Congresses have done this [renewed the Ex-Im bank's charter] 16 times, always with support from both parties. Republican and Democrat presidents have supported the bank, too. This time around shouldn't be any different. Because the bank works. It's independent. It pays for itself.

Even if that were true, it would be no reason to resuscitate the program. Economists Jason Delisle and Christopher Papagianis said any claim that the Ex-Im Bank is profitable and is a benefit to the taxpayers backing up the guarantees is "almost surely an illusion" because the government's official accounting rules understate the real cost of such loan programs, especially by not accounting for market or default risk.

The program has cost taxpayers millions. Ex-Im guaranteed loans to Solyndra, the solar cell maker that went bankrupt in September 2011. It also guaranteed loans for Enron, the energy company that entered bankruptcy in 2001.

And any claim that the U.S. government needs to provide taxpayer-guaranteed loans to big companies such as Boeing and General Electric because 60 other governments do so is facetious on its face. If 60 other governments declared that putting rat poison into drinking water was a good idea, should the U.S. government do so too?

The real reason that the Ex-Im Bank should be left to die, and not be resurrected by the president, is because *there is no constitutional authorization for such a program in the first place.*

The twist is that both Garrett and Bachus have to be confirmed by the Senate, which may prove challenging as the president continues to use up his political capital at a great rate thanks to his flipflops in policies and positions. House Minority Whip Steny Hoyer (D-Md.) thinks he sees what Trump is up to: "If former Representative Garrett is confirmed to lead the bank, it would be the ultimate act of sabotage." Accordingly he is urging fellow Democrats in the Senate to vote against Garrett's nomination.

This would be the ultimate irony: If the Ex-Im Bank dies, it would not be due to a Republican president who once opposed it, but thanks to Democrats who favor it.



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