Breaking the Bank: Abolish the Ex-Im Bank

By David W. Helton[[1]](#footnote-1)†

***Resolved: The United States Federal Government should significantly reform its import and/or export policy within the bounds of international trade.***

Summary: The US Export-Import (Ex-Im) bank is responsible for a variety of export related services, including insurance of goods and loans to foreign buyers. There are a couple of problems with this particular institution. First, the budget of Ex-Im is not unlimited, which means it will only be able to benefit certain firms with its financing. That leaves everyone else without the same backing, which can end up costing those firms business. Even worse, Ex-Im routinely gives most of its financing to some of the largest corporations in the US (Boeing, Caterpillar, etc.), who don’t need the financing. The government financing big companies at the expense of everyone else is ridiculous, and while Neg may argue that the bank must give 30% of its backing to small businesses, Ex-Im is notorious for obscuring the real number of small businesses they support, and what Ex-Im defines as a small business is one that is really quite large (up to 1,500 employees). Overall, Ex-Im has been bad news for the US economy and taxpayers. Ex-Im extends funding which is backed by US taxpayers to firms that either don’t need it (big profitable corporations), or are risky investments (and therefore shouldn't have it). If an investment is profitable, the private sector would invest in it. If it's not profitable enough for the private sector to do it, then there's no reason the taxpayers should fund it.

The private industry has stepped up and is able to fill any gap left by the bank. Ex-Im says they will not compete with the export coverage extended by private firms, but the past has shown the opposite is true. Between June 2015 and May 2019, Ex-Im didn’t have enough board members to meet its quorum requirement. That meant it could not offer loans above $10 million, which drastically limited Ex-Im’s ability to finance firms. What happened during that time? US exports increased, the private export insurance market grew, and the larger firms that got most of Ex-Im’s funding increased their sales and developed their own financing arms. The US doesn’t need Ex-Im and it should be abolished.

Note: Ex-Im is reauthorized to operate at full lending capacity, with or without a quorum, through 2026. Funding is obligated each year, and funding for 2022 may not even be finalized. Therefore, there should be no issue un-reauthorizing it. In any case, Congress has absolute constitutional power over the budget and can fund or defund almost anything it wants (except the salaries of federal judges).

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Breaking the Bank: Abolish the Ex-Im Bank

Throughout history there have been many passionate love stories. For example; Romeo and Juliet, Elizabeth Benet and Mister Darcy, and of course, the federal government and your taxpayer dollars. Today the affirmative team would like to add one more powerful love story to the collection: Boeing and the Export Import bank. We believe this relationship needs to end in a breakup which is why we stand Resolved: The United States Federal Government should significantly reform its import and/or export policy within the bounds of international trade.

Significant

Merriam Webster Online Dictionary copyright 2022. <https://www.merriam-webster.com/dictionary/significant> (accessed 10 May 2022)

2a**:**having or likely to have [influence](https://www.merriam-webster.com/dictionary/influence#h1) or effect **:**[IMPORTANT](https://www.merriam-webster.com/dictionary/important)

Policy

Merriam Webster Online Dictionary copyright 2022. https://www.merriam-webster.com/dictionary/policy

 (accessed 3 July 2022)

**:**a high-level overall plan embracing the general goals and acceptable procedures especially of a governmental body

Export

Merriam Webster Online Dictionary copyright 2022 . <https://www.merriam-webster.com/dictionary/export> (accessed 7 Aug 2022)

**:**to carry or send (something, such as a commodity) to some other place (such as another country)

OBSERVATION 2: INHERENCY, or the structure of the status quo. One key fact.

The US export credit agency, also known as the Export-Import bank, or Ex-Im for short.

Export Import bank of the United States (The Export–Import Bank of the United States is the official export credit agency of the United States federal government.) “About EXIM” <https://www.exim.gov/about> (accessed 28 June 2022)

The Export-Import Bank of the United States (EXIM) is the official export credit agency of the United States. EXIM is an independent Executive Branch agency with a mission of supporting American jobs by facilitating the export of U.S. goods and services

OBSERVATION 2. The HARMS.

HARM 1. Economic damage through lost competition. We see this in 3 sub-points

A. Economic damage and lost jobs

Dr. Robert Beekman and Dr. Brian T. Kench 2015 (Beekman - associate professor and chair of the economics department in the Sykes College of Business at Univ of Tampa. PhD in international trade and environmental economics from Univ of South Carolina.. Kench - PhD in economics. His works have been published in the Eastern Economic Journal, Journal of Economics and Economic Education Research.) August 2015 “Basic Economics of the Export-Import Bank of the United States,” (page 14) <https://www.mercatus.org/system/files/Beekman-Ex-Im-Bank-Economics.pdf> (accessed 3 July 2022)

Many producer groups are proponents of the Ex-Im Bank because it protects some domestic jobs. Many of these protected jobs may indeed be eliminated without the bank’s subsidies because these goods and services would be produced outside the country at a lower cost. However, the concept of comparative advantage reminds us that even if a country is better at producing everything (that is, it has an absolute advantage), each country is still better off trading. That is, free and open trade creates jobs at the same time that it destroys jobs, and it leads to better and lower-priced goods. Upon removal of a special privilege to one business or industry, other jobs may be created within other, more efficient businesses or industries. The reallocation of resources to more efficient uses can be a painful process, especially in the short run. But the Ex-Im Bank’s subsidies lower total economic efficiency because they retain workers in less-efficient industries—a so-called allocative inefficiency that adds to the deadweight loss demonstrated previously. The overall level of domestic job creation is diminished, not enhanced, as a result of Ex-Im Bank interventions.

B. $2.8 billion economic loss from diminished competition

Michael Lambert 2019  (policy analyst at Americans for Prosperity;  Master's Degree in Political Management from George Washington Univ.)  November 12, 2019 “It's Time to Let the Crony Export-Import Bank Die” <https://www.realclearmarkets.com/articles/2019/11/12/its_time_to_let_the_crony_export-import_bank_die_103974.html> (accessed 3 July 2022)

Meanwhile, those same American businesses are put at a competitive disadvantage when taxpayer dollars are used to subsidize foreign competitors. For example, Delta Airlines has long complained that Ex-Im subsidies used by foreign airlines to purchase U.S.-made aircraft put them at a competitive disadvantage because Delta does not have access to the same financing deals. And it’s not just airlines that are put at a competitive disadvantage by Ex-Im financing.  A Cato study found that from 2007 to 2013, the bank imposed a net cost of $2.8 billion per year on companies across multiple industries – everything from textiles, food and paper to machinery, computers and electronics – that got no subsidies.”

HARM 2. Taxpayer rip-off.

Ex-Im loses billions in taxpayer money

Diane Katz 2014 (Senior Research Fellow in Regulatory Policy, Roe Institute for Economic Policy Studies, Institute for Economic Freedom and Opportunity, Heritage Foundation) 19 June 2014 “Make Export–Import Bank Accounting ‘Fair’ to Taxpayers” https://www.heritage.org/government-regulation/commentary/make-export-import-bank-accounting-fair-taxpayers (accessed 5 July 2022)

Under current accounting methods, bank officials claim that Ex-Im will return a $14 billion surplus to taxpayers in the next decade. But in a major embarrassment for the bank and its allies, the Congressional Budget Office reported last month that Ex–Im programs, if subjected to the fair value accounting methods required of private banks, actually operate at a deficit that will cost taxpayers some $2 billion over 10 years (in addition to the bank’s operating costs).

HARM 3. Corruption and fraud.

Ex-Im's structure creates big incentives for corruption and fraud, which are widespread

Americans for Prosperity 2019 (political research/advocacy think tank)  September 30, 2019 “Next time, Congress should bust the Export-Import Bank” <https://americansforprosperity.org/next-time-congress-should-bust-the-export-import-bank/> (accessed 3 July 2022)

The bank made [headlines in 2014](https://www.reuters.com/article/usa-eximbank/u-s-export-import-bank-officials-investigated-over-gifts-report-idUSL2N0P500920140624) when investigators began looking into allegations that Ex-Im officials accepted gifts on behalf of companies looking for export financing. These indiscretions are not isolated incidents. They represent a pattern of careless lending at best and, at worst, outright fraud. [The Heritage Foundation](https://www.heritage.org/government-regulation/commentary/careless-lending-ex-im-bank-invites-fraud) found that from 2009 to 2014 there were 74 cases of fraud allegations. Ex-Im’s corrupt practices are well-noted, even among its staff. In 2013, only [42% of its employees](https://www.exim.gov/sites/default/files/newsreleases/2013_All-Items.pdf) believed that Ex-Im’s leadership maintains “high standards of honesty and integrity.” They have good reason to feel this way. Since 2009, [46 people have been convicted](https://www.latimes.com/business/la-fi-export-import-bank-corruption-hearing-20140729-story.html) of defrauding the bank. There have been 71 federal indictments related to mismanagement and corruption. The bank’s corruption is institutional, not circumstantial. It is not difficult to see why a large government institution with a bloated budget and little oversight, whose sole job is to pick and choose businesses to support, might be interested in receiving “gifts” from those who desire that support.

HARM 4. China.

A. The Link: Ex-Im Bank subsidizes and promotes Chinese economic interests

Washington Examiner 2021 (Washington Examiner brings the in breaking news and analysis on politics.) December 3, 2021  “Workers can’t afford Biden’s pro-China Ex-Im Bank nominee” <https://www.washingtonexaminer.com/restoring-america/patriotism-unity/workers-cant-afford-bidens-pro-china-ex-im-bank-nominee> (accessed 28 June 2022)

Unfortunately, the Ex-Im Bank has been subsidizing China’s largest state-run firms for decades, including the Industrial and Commercial Bank of China, the very entity whose mission is to establish China’s commercial dominance worldwide. Lewis, Biden’s nominee to be the next president and chairwoman of the Ex-Im Bank, appears ready to continue the bank’s pro-China policies as if nothing in the world changed. A member of then-presidential candidate Hillary Clinton’s National Finance Committee, Lewis was later appointed to be a special representative under Secretary of State Clinton, assigned to develop subnational government relations between Chinese and U.S. state and local governments. While serving in the State Department, Lewis told the U.S.-China Governors Forum that she believed “closer engagement at the subnational level will build strategic trust and create new opportunities for our companies and workers.” Since leaving the State Department, Lewis does not appear to have changed her views, signing on to become a “strategic adviser” for the United States Heartland China Association, an organization created for “building stronger ties” with China.

B. The Impact: Miniature Great Depression in the US heartland

Greg Rosalsky 2021 (master's degree at Princeton University's Woodrow Wilson School, where he studied economics and public policy) 2 Nov 2021 " How American leaders failed to help workers survive the 'China Shock'" <https://www.npr.org/sections/money/2021/11/02/1050999300/how-american-leaders-failed-to-help-workers-survive-the-china-shock#:~:text=The%20economists%20found%20that%20between,jobs%20lost%20during%20that%20period>. (accessed 8 Aug 2022)

Autor, Dorn and Hanson's first peer-reviewed papers from their China Shock saga were published in 2013. The economists found that between 1990 and 2007, trade with China killed about 1.5 million American manufacturing jobs, or about a quarter of all manufacturing jobs lost during that period. But what was even more startling: These losses were heavily concentrated in small- and medium-size communities dotting America's heartland — and workers who lost their jobs in those areas struggled to find other work. The China Shock created what looked like miniature Great Depressions in these places.

OBSERVATION 3. The PLAN, to be enacted by Congress & the President

1. Terminate the Export-Import bank.
2. Funding from existing budget of the Ex-Im Bank and general federal revenues, with a total net reduction in federal spending.
3. Enforcement through normal means, penalties for fraud or abuse the same as under existing law.
4. Plan takes effect next October first.
5. All Affirmative speeches may clarify.

OBSERVATION 4. SOLVENCY

Abolishing the Ex-Im Bank restores competition and makes the economy thrive

Dr. Adam Millsap 2019 (Senior Fellow, Economic Opportunity at the Charles Koch Institute. Master’s and PhD in economics from Clemson) 18 Sept 2019 “The United States Doesn’t Need the Export-Import Bank To Thrive “<https://www.forbes.com/sites/adammillsap/2019/09/18/the-united-states-doesnt-need-the-export-import-bank-to-thrive/#59bc68c31ec3> (accessed 3 July 2022)

America’s economy can thrive without the EXIM Bank. Even in states where traditional bank beneficiaries are big employers, such as Boeing in South Carolina, the local economy can flourish without the bank’s subsidies. Fair competition, not corporate welfare, is what makes the free enterprise system so dynamic and innovative. The EXIM Bank just gets in the way.

2A Evidence: Ex-Im Bank

DEFINITIONS / TOPICALITY

A/T “New programs are domestic” – still export related

Squire Patton Boggs LLP 2022 (Angela Mariana Freyre - 30+ years of experience leading major international business and financial transactions and strategies, as well as government - to-government engagement. Former Senior VP and General Counsel of the EXIM.) Ludmilla L. Kasulke - provides multinational corporations, sovereign governments and entities, and quasi-government entities with advice on a wide range of trade policy, legal, and regulatory issues.) Kara-Marie Urban - associate in Public Policy Practice. B.A. in International Studies and Spanish from Virginia Tech.) May 3, 2022 “United States: Biden Administration Boosts Domestic Manufacturing – EXIM To Provide Competitive Financing” <https://www.mondaq.com/unitedstates/government-contracts-procurement-ppp/1189290/biden-administration-boosts-domestic-manufacturing-exim-to-provide-competitive-financing> (accessed 29 June 2022)

For the first time, the Export-Import Bank of the United States (EXIM) will make its existing financing programs available to export-oriented domestic manufacturing facilities and infrastructure projects. The Make More in America Initiative was unanimously approved by the EXIM Board of Directors in April 2022, and had support from the National Association of Manufacturers (NAM), the American Association of Port Authorities (APPA), and the US LNG Association. US manufacturers and infrastructure project stakeholders seeking competitive financing options now have an additional resource to consider.

A/T “new programs are domestic” – even if, program isn’t operational yet

Timothy Carney 2022 (the senior political columnist at the Washington Examiner and a senior fellow at the American Enterprise Institute. BA from St. John’s College.) March 10, 2022 “Toomey challenges Biden’s ‘improper’ unilateral expansion of corporate subsidies” <https://www.washingtonexaminer.com/opinion/toomey-challenges-bidens-improper-unilateral-expansion-of-corporate-subsidies> (accessed 28 June 2022)

The Biden White House last year proposed that Ex-Im launch a “Domestic Financing Program,” which, instead of financing exports directly, would simply subsidize U.S. manufacturers. Now that Biden appointee Reta Jo Lewis has taken over as president of Ex-Im, she has signaled her intention to move ahead with this new corporate subsidy. Toomey, the most consistent congressional critic of Ex-Im, argues in his letter that Congress has not given Ex-Im authority to simply subsidize U.S. manufacturing based on expected indirect impact on exports. Last year, the Biden administration tasked EXIM with developing a program to purportedly create or expand manufacturing facilities and infrastructure projects in the United States.1 In response, EXIM issued a vague notice in the Federal Register two days before Christmas about the potential parameters of this program, giving the public less than one month to provide initial feedback. Shortly thereafter and just 15 days following your confirmation by the Senate, you announced that EXIM’s Board of Directors (“Board”)would vote this spring on whether to adopt this new Domestic Financing Program.2 Meanwhile, the bank has not published a comprehensive framework for this unprecedented program, nor has it subjected such a framework to a robust public notice-and-comment rulemaking process.

BACKGROUND

How Ex-Im operates

Congressional Research Service 2016 (Shayerah Ilias Akhtar, Coordinator and Specialist in International Trade and Finance, David H. Carpenter, Legislative Attorney, Grant A. Driessen, Analyst in Public Finance, and Julia Taylor, Section Head - ALD Section) April 13, 2016 “Export-Import Bank: Frequently Asked Questions” https://fas.org/sgp/crs/misc/R43671.pdf (accessed 6 July 2022)

Ex-Im Bank groups its financial products into the following four main categories:

• direct loans with fixed interest rates made by Ex-Im Bank to foreign buyers of U.S. goods and services;

• medium- and long-term loan guarantees of loans made by lenders (usually commercial banks) to foreign buyers of U.S. goods and services, with Ex-Im Bank promising to repay the lender, if the buyer defaults, the outstanding principal and accrued interest on the loan;

• working capital finance, through loans and guarantees by Ex-Im Bank, to facilitate finance for businesses, primarily small businesses, who have exporting potential but need working capital funds (e.g., to buy raw materials or supplies) to produce or market their goods and services for export; and

• export credit insurance by Ex-Im Bank to exporters and lenders to protect against losses of nonrepayment for commercial and political reasons.

Loan Specifics - Most go to Africa and Asia

Economic Times 2020 (English-language, Indian daily newspaper headquartered in Mumbai, India)  January 23, 2020 “LOC facility of Exim Bank sees rapid growth” <https://economictimes.indiatimes.com/news/economy/foreign-trade/loc-facility-of-exim-bank-sees-rapid-growth/articleshow/73556098.cms> (accessed 3 July 2022)

As of December 31, 2019, Exim Bank has signed 257 LOCs covering 61 countries in five continents with credit commitments aggregating $25.15 billion. Beside these, 41 LOCs amounting to $5.50 billion are in the pipeline. The total commitment will then rise to 298 LOCs of $ 30.62 billion to 64 countries over the world, he added. Currently, around 52% and 41% of the total LOC commitments are to Asia and Africa Regions, respectively. In terms of total number of LOCs extended, Africa is the largest recipient Region. Value-wise it is the Asia Region that is leading because of a few high-value LOCs to our neighbouring countries, said Sudatta Mondal, chief general manager of Exim Bank. The total outstanding loan balance under the LOCs as on December 31, 2019, stood at $ 5.63 billion.

INHERENCY

ExIm has a Quorum

Export-Import Bank 2019 (Export-Import Bank of the United States) May 8th 2019  “U.S. Senate Confirms Three Members for EXIM Board of Directors, Restoring Full Financing Capacity” <https://www.exim.gov/news/senate-confirms-three-members-for-exim-board-directors-restoring-full-financing-capacity> (accessed 3 July 2022)

“Washington, D.C. – Today the United States Senate confirmed three nominees of President Donald J. Trump as members of the board of directors of the Export-Import Bank of the United States (EXIM). The bipartisan votes restore the export credit agency to full financing capacity. The Senate’s action re-establishes the quorum of three members on EXIM’s board of directors that is needed for the Bank to authorize transactions greater than $10 million.  During the more than three years that the board was without a quorum, EXIM has been unable to approve these larger transactions, which prevented the bank from authorizing any long-term financings.”

Ex-Im reauthorized through 2026

InsuranceNewsNet 2019 (insurance industry news source) December 19, 2019 “Sen. Brown Issues Statement on Reauthorization of Ex-Im Bank, Terrorism Risk Insurance Program, Extension of National Flood Insurance Program” <https://insurancenewsnet.com/oarticle/sen-brown-issues-statement-on-reauthorization-of-ex-im-bank-terrorism-risk-insurance-program-extension-of-national-flood-insurance-program#.Xie8MchKjIU> (accessed 3 July 2022)

Reauthorization of the Export Import Bank of the United States:

\* The EXIM Bank will be reauthorized for 7 years, through December 31, 2026. This provides the longest reauthorization of the Bank's charter in the history of the Export-Import Bank.

A/T “funds already appropriated” - not even finalized for 2022

Shayerah I. Akhtar, Congressional Research Service 2022 (Specialist in International Trade and Finance at CRS.) Updated March 8, 2022 “Export-Import Bank of the United States (Ex-Im Bank) “ <https://crsreports.congress.gov/product/pdf/IF/IF10017> (accessed 28 June 2022)

For FY2021 (P.L. 116-94), the Bank had a limit of $110.0 million for administrative expenses, and $6.5 million in funding for its Office of Inspector General (OIG). For FY2022, the President’s budget request provides a limit of $114.0 million for administrative expenses; $10.0 million for the program budget (last received in FY2013), for certain transactions where expenses are expected to exceed receipts, mainly to offset Chinese practices and support clean energy exports; and $6.5 million for the OIG. Full year FY2022 appropriations have yet to be enacted.

Reta Jo Lewis took office as chair of Ex-Im Bank on Feb. 16, 2022

Ex-Im Bank Press Release 2022. "Reta Jo Lewis Sworn in as U.S. Export-Import Bank President and Chair" 16 Feb 2022 <https://www.exim.gov/news/reta-jo-lewis-sworn-export-import-bank-president-and-chair> (accessed 8 Aug 2022)

On February 9, 2022, the U.S. Senate confirmed Reta Jo Lewis as EXIM’s President and Chair of Board of Directors. Chair Lewis was sworn in by Vice President of the United States Kamala Harris on February 16, 2022.

A/T “Congress reauthorized” - Doesn’t make it good. Ex-Im Bank "deserves to die"

Dr. Veronique de Rugy 2019 (Senior Research Fellow at the Mercatus Center at George Mason Univ. MA in economics from Paris Dauphine University and PhD in economics from the Panthéon-Sorbonne Univ. ) May 14 2019 “Congress Just Restored the Export-Import Bank. It Still Deserves to Die.” <https://reason.com/2019/05/14/congress-just-restored-the-export-import-bank-it-still-deserves-to-die/> (accessed 3 July 2022)

With so [much evidence](https://www.mercatus.org/publications/corporate-welfare/ex-im-bank-comparative-analysis-pre-and-post-quorum-lending) that the Ex-Im Bank—an agency that provides financial support to foreign and domestic companies to boost U.S exports— was nothing more than corporate welfare for large domestic firms and so many foreign state-owned companies, including Chinese ones, and with no impact on net exports, I assumed members of Congress would feel embarrassed to vote to restore the funding. I was wrong. But the evidence that the Ex-Im Bank serves no productive function except to enrich large corporations continues to be overwhelming. Congress may have given the bank new life, but it still deserves to die.

A/T “ExIm updates criteria to make better loans” - New criteria competes with private lenders instead of filling the gap

Reuters 2022 (international news agency) June 17, 2022 “U.S. EXIM Bank Board Backs $811 Million Loan Guarantee To Aid Boeing Jet Sale” <https://www.shorenewsnetwork.com/2022/06/17/u-s-exim-bank-board/> (accessed 28 June 2022)

The risk of crowding out is evident in the pricing methodologies that the Ex-Im Bank is proposing. Both its “direct market proxy” approach, which would have Ex-Im Bank “lending on identical terms and conditions” to private lenders, and its “implicit market benchmark” approach, which would use a pricing methodology that the Organisation for Economic Co-operation and Development designed for agencies like Ex-Im Bank to use in “countries where private market financing is generally available,” would essentially put the bank in direct competition with private lenders in the domestic market. This risk is all the more significant because the Ex-Im Bank already provides guarantees to commercial lenders, which shift the risk of lending to taxpayers while maintaining the profits for banks. The Ex-Im Bank has a long and largely unexamined record of subsidizing large commercial lenders, but a domestic financing program is likely to make such subsidies more egregious. The Ex-Im Bank asserts that its so-called additionality requirements should keep the bank from crowding out commercial lenders in the domestic market. As I have documented elsewhere, however, the Ex-Im Bank’s additionality criteria are extremely weak.

A/T “New strategic plan”- same problems

Dr. Veronique de Rugy 2020 (Senior Research Fellow at the Mercatus Center at George Mason Univ. MA in economics from Paris Dauphine University and PhD in economics from the Panthéon-Sorbonne Univ.) January 26, 2020 “Should I Keep Fighting the Ex-Im Bank or Give Up?” <https://www.aier.org/article/should-i-keep-fighting-the-ex-im-bank-or-give-up/> (accessed 3 July 2022)

EXIM has claimed a reformist mantle, and Congress has charged EXIM with a challenging (read sometimes contradictory) mandate. The revised Strategic Plan and initial drafts of procedures on additionality that EXIM has put forward do not augur well for a “new” or “reformed” EXIM that is looking ahead to the future’s challenges. Instead, it remains mired in the past, in part dragged down by Congress’s misunderstanding of the issue and conflicting mandates.

A/T “Other countries have subsidized exports, so we need it too” – Fails elsewhere, proving we DON'T need it

Dr. Veronique de Rugy 2021  (Senior Research Fellow at the Mercatus Center at George Mason Univ. MA in economics from the Paris Dauphine University and her PhD in economics from the Panthéon-Sorbonne University) February 3, 2021 “Memo to Team Biden: Rein in the Export-Import Bank” <https://www.discoursemagazine.com/politics/2021/02/03/memo-to-team-biden-rein-in-the-export-import-bank/> (accessed 28 June 2022)

The report, however, provides enough evidence to prove the contrary. For example, it shows that in 2019, the world’s largest provider of export-credit-agency financing after China was Italy. And it portrays Italy’s use of export credits as potentially threatening to U.S. interests while not acknowledging Italy’s chronically poor economic performance, which undercuts the argument that export credits are an effective policy tool.

Boeing got 34% of all Ex-Im funding 2007-2017

Dr. Adam Millsap 2019 (Senior Fellow, Economic Opportunity at the Charles Koch Institute. Adam conducts research on urban development, population trends, labor markets, and federal and local urban public policy;has taught courses in economics at the undergraduate and graduate level at Florida State University, Clemson University, and George Mason Univ. Master’s and PhD in economics from Clemson Univ.)18 Sept 2019 “The United States Doesn’t Need the Export-Import Bank To Thrive” <https://www.forbes.com/sites/adammillsap/2019/09/18/the-united-states-doesnt-need-the-export-import-bank-to-thrive/#59bc68c31ec3> (accessed 3 July 2022)

From 2007 to 2017, for example, 34% of all EXIM Bank aid [went to Boeing](https://www.mercatus.org/publications/government-spending/ex-im-still-boeings-bank). Instead of self-financing or getting market-rate loans from private banks, Boeing and other large companies use the EXIM Bank to get subsidized loans and other assistance supported by U.S. taxpayers.

SQ policies can't prevent fraud at Ex-Im

Michael Lambert 2019  (policy analyst at Americans for Prosperity, Master's Degree in Political Management from George Washington Univ.) November 12, 2019 “It's Time to Let the Crony Export-Import Bank Die” <https://www.realclearmarkets.com/articles/2019/11/12/its_time_to_let_the_crony_export-import_bank_die_103974.html> (accessed 3 July 2022)

“And if all that isn’t enough, there are serious questions about how Ex-Im has been managed.  A General Accountability Office study found that, between 2014 and 2016, $1.7 billion was awarded to 32 companies that may have been delinquent on their federal debts – a violation of federal law.  Another GAO report found the bank has no framework to deter fraud and needs substantial fraud risk management reform.  As a consequence, the bank poses significant risk of loss to taxpayers.”

SOLVENCY/ADVOCACY

Ex-Im should be abolished because it's no longer needed and counter-productive

James Roberts 2017 (Before joining Heritage in 2007, Roberts served in the State Department for 25 years. As a Foreign Service Officer, he completed tours of duty at U.S. embassies in Mexico, Portugal, France, Panama and Haiti. He also worked on a wide variety of international trade issues and helped to coordinate major U.S. assistance programs, including efforts to reform Eastern Europe economies and to reconstruct Iraq.) 25 October 2017 “13 Recommendations for Reforming America's Foreign Aid” https://www.heritage.org/international-economies/commentary/13-recommendations-reforming-americas-foreign-aid (accessed July 6 2022)

11. Eliminate outdated agencies such as the Export-Import Bank of the United States, the United States Trade and Development Agency, and the Overseas Private Investment Corporation. These agencies were established in a world where private investment in developing countries was scarce. This is no longer the case. The focus should be to encourage developing countries to access these resources based on their policies, not send the message that government subsidies are necessary for development.

Don’t mend it; end it

Dr. Veronique de Rugy and Tad DeHaven 2017 (Veronique de Rugy is Senior Research Fellow at the Mercatus Center at George Mason Univ. MA in economics from the Paris Dauphine University and PhD in economics from the Panthéon-Sorbonne Univ. DeHaven is a Research Analyst for the Project for the Study of American Capitalism at the Mercatus Center at George Mason University. Tad was a budget analyst on federal and state budget issues for the Cato Institute. Former deputy director of the Indiana Office of Management and Budget.) 9 March 2017 “Curbing Favoritism in Government” https://www.mercatus.org/publications/curbing-favoritism-government (accessed July 6 2022)

This is a step in the right direction, given that most of the bank’s activities are presently curtailed. Instead of attempting to reinvigorate the Ex-Im Bank’s lending capabilities, Congress should begin the process of winding it down permanently. At the very least, the Ex-Im Bank should remain in its present semi-dormant state if the president refuses to submit a nominee or if the Senate fails to take up the nomination.

It’s time to end Ex-Im’s cronyism and corruption

Americans for Prosperity 2019 (political research/advocacy think tank)  September 30, 2019 “Next time, Congress should bust the Export-Import Bank” <https://americansforprosperity.org/next-time-congress-should-bust-the-export-import-bank/> (accessed 3 July 2022)

No firms should be granted special privileges by the government. It is unfair to American taxpayers, many of whom run their own businesses, to be forced to spend their hard-earned money to support some of the world’s most successful companies. When it comes time to vote on the Ex-Im Bank’s charter, Congress should deny it the unlimited right to engage in corruption, cronyism and bad investments. It should reject its reauthorization.

Ex-Im places companies at a competitive disadvantage. Best solution is abolishing it

Diane Katz 2017 (She has analyzed and written on public policy issues for more than two decades, is a research fellow in regulatory policy at The Heritage Foundation) April 20 2017 “The Export-Import Bank Doesn't Make America Great”  <https://www.heritage.org/monetary-policy/commentary/trumps-disappointing-flip-flop-the-export-import-bank> (accessed 3 July 2022)

And that means billions of taxpayer dollars to foreign firms and foreign governments with which to purchase exports from favored multinational companies such as Boeing, General Electric, and Caterpillar. The best course of action would be to eliminate the bank altogether. There is no shortage of private export financing, and the subsidies distort credit and labor markets. Perhaps worst of all, unsubsidized American companies are placed at a competitive disadvantage compared to the foreign firms collecting Ex-Im subsidies. (Delta, for example, loses out when Air India gets a sweetheart deal from Boeing by way of Ex-Im.)

Widespread advocacy for terminating Ex-Im Bank

A Coalition letter from 18 leaders of advocacy groups 2019.(Brent Wm. Gardner, Chief Government Affairs Officer Americans for Prosperity, Iain Murray, Vice President for Strategy and Senior Fellow Competitive Enterprise Institute, Pete Sepp, President National Taxpayers Union, David McIntosh, President Club for Growth, Adam Brandon, President FreedomWorks, Kayla Gowdy, Communications Director Republicans Fighting Tariffs,Phil Kerpen, President American Commitment, Nathan Nascimento, Executive Vice President Freedom Partners Chamber of Commerce, Paul Guessing, President Rio Grande Foundation, Norm Singleton, President Campaign for Liberty, Tim Chapman, Executive Director Heritage Action for America, William Whipple III, President Secure America’s Future Economy ,Andrew F. Quinlan, President Center for Freedom and Prosperity, Heather R. Higgins, CEO Independent Women’s Voice Steve Ellis, Vice President, Taxpayers for Common Sense,Jeff Mazzella, President Center for Individual Freedom,Tom Giovanetti, President Institute for Policy Innovation, Jenny Beth Martin, Chairman Tea Party Patriots Action) May 2 2019 “CEI Joins Coalition Letter to Oppose Reauthorization of Export-Import Bank”  <https://cei.org/content/cei-joins-coalition-letter-oppose-reauthorization-export-import-bank> (accessed 3 July 2022)

Dear Members of Congress: On behalf of our groups and organizations, which collectively represent millions of Americans across all 50 states, we urge you to oppose the reauthorization of the Export-Import Bank, which is slated to expire on September 30, 2019. The Ex-Im Bank, as it is informally known, administers corporate welfare loan programs that grant unfair advantages to a few domestic companies at the expense of many others, all the while putting billions of taxpayer dollars at risk and fostering a danger of internal corruption that has too often materialized. Despite arguments from the Bank’s supporters that Ex-Im doesn’t spend taxpayer dollars, a 2014 CBO estimate revealed that, if the bank were to use generally accepted accounting principles, the bank would cost taxpayers $2 billion over a decade.
But the Export-Import Bank doesn’t stop at picking dubious winners and losers at home or pitting domestic industries and firms against each other. Internationally, a handful of state-owned firms such as Ethiopian Airlines, China Air, and PEMEX, the Mexican oil and gas company, are consistently among the top foreign beneficiaries of the bank’s activities. By handing out taxpayer backed loans to favored companies, the Export-Import Bank distorts the free market at the expense of the larger U.S. economy. The Air Transport Association has estimated that the bank’s loans to foreign airlines have killed as many as 7,500 jobs for domestic airlines in the United States. Ironically, this is while Boeing racked up 70 percent of all Export-Import Bank loan guarantees and the benefit of 40 percent of its total activities.
**[END QUOTE. THEY GO ON LATER IN THE CONTEXT TO SAY QUOTE**:]

To reauthorize a government loan program which has, time and again, been shown to be a breeding ground for corruption and as well as a wellspring of handouts for a few well-connected businesses at taxpayer expense, would be an insult to the hardworking Americans whose tax dollars are put on the line with each loan authorization. We, the undersigned organizations, urge you to oppose the reauthorization of the Export-Import Bank.

A/T “Private can’t fill the gap” – Already tried, and it worked! Private funding increased when Ex-Im was suspended a few years ago

Dr. Veronique de Rugy 2019 ((Senior Research Fellow at the Mercatus Center at George Mason Univ. MA in economics from the Paris Dauphine University and her PhD in economics from the Panthéon-Sorbonne University) May 14 2019 “Congress Just Restored the Export-Import Bank. It Still Deserves to Die.” <https://reason.com/2019/05/14/congress-just-restored-the-export-import-bank-it-still-deserves-to-die/> (accessed 3 July 2022)

As the federal government got out of the export lending business, many big private players filled the gap. It was a [small gap](https://www.mercatus.org/publications/federal-fiscal-policy/export-import-bank-support-does-not-affect-majority-us-exports) to fill in the first place, since in 2014 over 98 percent of exports took place without any Ex-Im backing.

A/T “Ex-Im works with private insurers” – Actually, Ex-Im tends to compete with the private sector, and it's completely unneeded

Dr. Veronique de Rugy & Justin Leventhal 2020 (Senior Research Fellow at the Mercatus Center at George Mason Univ. MA in economics from Paris Dauphine University and PhD in economics from the Panthéon-Sorbonne University. Leventhal - Research Associate for Economic Institutions and Growth at the Mercatus Center at George Mason Univ.; currently attends George Mason University in the MA/Ph D program in Economics.) January 8, 2020 “Export-Import Bank Makes an Unwelcome Return” <https://morningconsult.com/opinions/export-import-bank-makes-an-unwelcome-return/> (accessed 3 July 2022)

Claims that the Ex-Im Bank fills a private-market lending void are similarly off base. The majority of Ex-Im Bank aid is directed toward exports to high-income nations — the ones in which private financing is available. Exports to lower-income nations — where financing is actually difficult to find — are an afterthought. When Ex-Im lacked a quorum, companies did not struggle to buy U.S. exports.

HARM 1 - Competition / Economic losses

Boeing’s Bank

Matthew Mitchell 2017 (Senior Research Fellow and Director of the Project for the Study of American Capitalism at the Mercatus Center and adjunct prof. of economics at George Mason University.) 30 April 2017 “Trump Still Has a Chance to Strike a Blow against Special Interests” https://www.mercatus.org/commentary/trump-still-has-chance-strike-blow-against-special-interests

Ex-Im’s sole purpose is to transfer wealth to special interests. Among other things, the taxpayer-backed agency guarantees loans to foreign companies that buy from U.S. manufacturers. The banks that make these loans offload their risk onto American taxpayers. Manufacturers — about 10 of whom benefit from the bulk of this largesse — increase their sales. In fact, a single firm, Boeing, accounts for 40 percent of Ex-Im’s assistance.

Large firms get most of the money at Ex-Im

Charles Lane 2019 (Washington Post editorial writer specializing in economic and fiscal policy, and a weekly columnist; member of the Council on Foreign Relations.) February 4, 2019 “Can a bitter policy argument be settled by the real world? For once, yes.” <https://www.washingtonpost.com/opinions/can-a-bitter-policy-argument-be-settled-by-the-real-world-for-once-yes/2019/02/04/702aba02-289f-11e9-8eef-0d74f4bf0295_story.html?utm_term=.a572b32f2bb9> (accessed 3 July 2022)

This shows that, contrary to the House committee's fantasy, a fully functioning Ex-Im isn't all about small businesses. Back in 2014, 65 percent of the bank's activities benefited 10 giant companies. Boeing alone got 40 percent of Ex-Im's largesse. On the foreign side, the bank's clients belong to a who's who list of large, wealthy, successful, and often state-owned companies. Indeed, in 2014, about 30 percent of the bank's activities—or $5.9 billion—went to 10 state-owned foreign companies. The unconditional winners of American subsidies to foreign-government-owned companies were Air China (top recipient in 2014) and Mexico's oil and gas giant, Pemex (top recipient from 2007 through 2013).

Still Boeing’s bank in 2022

Reuters 2022 (Reuters is an international news agency owned by Thomson Reuters) June 17, 2022 “U.S. EXIM Bank Board Backs $811 Million Loan Guarantee To Aid Boeing Jet Sale” <https://www.shorenewsnetwork.com/2022/06/17/u-s-exim-bank-board/> (accessed 28 June 2022)

The Export-Import Bank of the United States (EXIM) on Friday said its board of directors approved an $811 million loan guarantee to help finance the sale of Boeing wide-body aircraft to French-Dutch airline Air France-KLM SA.

Ex-Im doesn't help the economy, just subsidizes a few big corporations who already have lots of money

Dr Veronique De Rugy 2022 (Senior Research Fellow at the Mercatus Center at George Mason Univ. MA in economics from Paris Dauphine University and PhD in economics from the Panthéon-Sorbonne University) " Extending Ex-Im Bank Financing to Domestic Markets is a Solution in Search of a Problem" 19 Jan 2022 <https://www.mercatus.org/publications/export-import-bank/extending-ex-im-bank-financing-domestic-markets-solution-search> (accessed 7 Aug 2022)

The assumption was that, once the bank was fully back in business, these projects, which apparently could not happen without the backing of the bank, would go through and the economy would grow as a result. In typical fashion, the Ex-Im Bank has delivered less than it promised. Deal flow actually was lower both in 2020 and 2021 than in 2019 when the White House claimed that there was a deal backlog hampering economic growth. While the country was in the early stage of a pandemic in 2020, the bank deployed some new lending programs and lifted some restrictions in existing programs purportedly to allow deals to go through during these hard times. However, that didn’t seem to help. Although a few large companies with plenty of access to capital benefited from these changes, the number of deals remained low. As a result, the Ex-Im Bank’s overall loan exposure (its cumulative book of business) has been steadily declining. Its portfolio of loans and guarantees dropped from $54.7 billion in 2019 to $46.9 billion in 2020 to $41.3 billion in 2021, and it stands at less than one-third of the institution’s $135 billion financing capacity.

Ex-Im supports foreign state-owned businesses, including China

Veronique de Rugy, Dan Holler and Andrew Roth 2017 (Rugy is senior research fellow at the Mercatus Center at George Mason University. Holler is vice president at Heritage Action for America. Roth is vice president of government affairs at The Club for Growth.) 17 May 2017 “Trump should work with Congress to kill the Export-Import Bank” http://thehill.com/blogs/pundits-blog/economy-budget/329152-trump-can-make-america-great-again-by-killing-the-export (accessed 6 July 2022)

When it comes to Ex-Im financing arrangements, subsidizing foreign, state-owned companies is not the exception but rather the norm. Between 2007 and 2013, the Export-Import Bank backed $3.4 billion in financing to Emirates Airlines for their purchase of Boeing planes. The company is, of course, a wholly owned by the government of Dubai. The list of foreign, state-owned companies benefiting from the Export-Import Bank is substantial, including: state-owned Air China; state-owned Ethiopian Airlines; Air Astana, of which Kazakhstan’s government controls 51-percent; state-owned Royal Air Maroc; and Turkish Airlines, of which is 49 percent controlled by a state-owned company.

Foreign companies benefit at the expense of US ones

Dr. Veronique de Rugy 2018 (Senior Research Fellow at the Mercatus Center at George Mason Univ. MA in economics from Paris Dauphine University and PhD in economics from the Panthéon-Sorbonne University) September 10, 2018 “The Economic Outrage of the Ex-Im Bank”  <https://www.aier.org/article/the-economic-outrage-of-the-ex-im-bank/>  (accessed 3 July 2022)

On the foreign side, the top beneficiaries are big, often state-owned - and with plenty of access to capital - companies. They are Pemex (the Mexican government oil and gas firm), Emirates Air (the UAE’s national airline), and Ryanair (the fast-growing Irish low-cost airline). Of course, these foreign beneficiaries love the handouts. The lower borrowing costs they get thanks to Uncle Sam’s guarantee give them a leg up over their unsubsidized competitors (domestic and international). That’s what happens when Air India, or any other foreign company for that matter, receives an Ex-Im loan guarantee to purchase a Boeing plane at discounted borrowing rates and competes with Delta planes bought from Boeing without the government backing.

Ex-Im kills U.S. jobs

Genevieve Wood 2014 (Heritage Foundation senior communications advisor and senior contributor.) 17 July 2014 “The Case Against the Export Import Bank” https://www.heritage.org/commentary/the-case-against-the-export-import-bank (accessed 3 July 2022)

Take Delta Airlines, which pays full price for the planes it purchases from Boeing, yet has to compete with Air China, which buys planes from Boeing with subsidized loans through the Ex-Im Bank. Airlines for America estimates the Ex-Im loans to foreign airlines have killed 7,500 jobs at domestic airlines in the U.S. And Ex-Im even subsidizes loans to companies in nations hostile to the U.S., such as Russia and Venezuela.

HARM 2 - Taxpayer ripoff

Dilemma: Ex-Im either invests in investments too risky for the private sector (which shouldn't be made), or investments the private sector would have done anyway (so it's not needed)

Senator Pat Toomey 2019 (R-Pennsylvania; serves on the Senate's Banking, Budget, and Finance committees)  May 7, 2019 “ICYMI: Toomey Opposes Confirming Quorum to Ex-Im Bank Board” <https://www.toomey.senate.gov/?p=op_ed&id=2405> (accessed 3 July 2022)

First of all, it's been a series of risky bets for taxpayers. The Ex-Im has sometimes claimed that it only takes risks that private lenders are unable or unwilling to take. We should stop right there and ask ourselves if private lenders are unwilling, or unable, to take a risk -- why should taxpayers be forced to take that risk? Yet at the same time the Ex-Im Bank also claims it only makes safe bets. Well, it's impossible to do both Madam President. The bank can't take only those transactions so risky that no one else will do it, and at the same time to be doing only safe transactions. It's pretty obvious. Fact is, Ex-Im Bank wins business by systematically underpricing the risk. That's why borrowers go to the Ex-Im Bank, instead of any number of private lenders that won't offer deals on the same terms as the Ex-Im Bank, because they've got shareholders the answer to. Ex-Im Bank, not so much.

A/T “Ex-Im is profitable -returns money to treasury” – But that's based on FCRA accounting, which is wrong

Americans for Prosperity 2019 (political research/advocacy think tank)  September 30, 2019 “Next time, Congress should bust the Export-Import Bank” <https://americansforprosperity.org/next-time-congress-should-bust-the-export-import-bank/> (accessed 3 July 2022)

Ex-Im uses Federal Credit Reporting Act standards to justify its lending, arguing that it would save $14 billion from 2015-2024. But that is not an accurate representation of the bank’s finances. The Congressional Budget Office estimates that, if Ex-Im were to use fair-value accounting principles — which are used by most of the government and most of the private sector — the bank would cost taxpayers about $2 billion over that same period. If lawmakers intend to renew the bank’s charter, they will have to justify to ordinary Americans why it is in their interest to surrender a portion of their paychecks to the world’s largest companies — and do so at a loss.

Reason to prefer the fair-value approach over FCRA: It simulates markets better

Congressional Budget Office 2014 (nonpartisan budget research agency of Congress) May 2014 “Fair-Value Estimates of the Cost of Selected Federal Credit Programs for 2015 to 2024” http://cbo.gov/sites/default/files/cbofiles/attachments/45383-FairValue.pdf (accessed 3 July 2022)

In contrast, under the fair-value approach, estimates are based on market values—market prices when those prices are available or approximations of market prices when directly comparable figures are unavailable—which more fully account for the cost of the risk the government takes on. In particular, the fair-value approach accounts for the cost of market risk, which FCRA procedures do not. 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. When the government extends credit, the associated market risk of those obligations is effectively passed along to taxpayers, who, as investors, would view that risk as having a cost. Therefore, the fair-value approach offers a more comprehensive estimate of federal costs.

Fair value would take market risk into consideration

Dr. Veronique de Rugy and and Justin Leventhal 2019 (De Rugy - Senior Research Fellow at the Mercatus Center at George Mason Univ. MA in economics from Paris Dauphine University and PhD in economics from the Panthéon-Sorbonne University. Leventhal -  a Research Associate for Economic Institutions and Growth at the Mercatus Center at George Mason Univ.; currently attends George Mason University in the MA/Ph D program in Economics.) April 23, 2019 “Ex-Im Bank: A Comparative Analysis of Pre- and Post- Quorum Lending,” AD: 6/22/19, <https://www.mercatus.org/publications/corporate-welfare/ex-im-bank-comparative-analysis-pre-and-post-quorum-lending> (accessed 3 July 2022)

“In 2014, before the Bank lost its quorum, the Congressional Budget Office (CBO) estimated the budget effects from 2015 through 2024 of the Ex-Im Bank using Fair Credit and Reporting Act (FCRA) standards as well as Fair-Value standards. The CBO found that using the former method showed a $14 billion positive revenue effect of the Ex-Im Bank on the federal budget, whereas the Fair-Value method showed a $2 billion *loss* of revenue (both measured in 2015 dollars). The Fair-Value method of accounting is used by the private sector. Shifting to this method of accounting for the Ex-Im Bank would take market risks into consideration, unlike the FCRA method, which doesn’t. Given that the Ex-Im Bank frequently only charges an interest rate of the “prime rate minus 0.5%,” it is unsurprising the Fair-Value accounting method shows a loss. The prime rate is the interest rate banks give their most reliable borrowers. By offering a rate *below* the prime, the Ex-Im Bank fails to fully charge for the riskiness of the loans that it dispenses.”

FCRA is improper for government credit agencies

Chad Miller 2014  (Professional Staff Member at the United States Senate Committee on the Budget. Former director of education at the American Action Forum) June 27, 2014 “The Advantage of Fair-Value Accounting” <https://www.americanactionforum.org/research/the-advantage-of-fair-value-accounting/> (accessed 3 July 2022)

Fair-value accounting is a term that describes a method of bookkeeping used by the Congressional Budget Office (CBO) to estimate the future budget impacts of proposed legislation or policy. CBO has said on numerous occasions that fair-value accounting provides a more comprehensive measure of federal costs as it takes into account market risk when estimating the future cost of federal credit programs. So it seems natural everyone would welcome fair-value accounting regardless of political affiliation.
**[END QUOTE. HE GOES ON LATER IN THE ARTICLE WRITING QUOTE:]**
All told, every credit program estimated by FCRA has been inaccurately forecast, which isn’t surprising, as no on can accurately predict the future. The headline isn’t that the forecasts are wrong; the real story is how often FCRA underestimates the true cost of federal credit programs. The following chart shows the frequency with which FCRA rules underestimate selected federal loan programs and the associated costs resulting from the error.

Harm 3 - Corruption & fraud

Ex-Im finances rich companies, corrupt companies, and even a Russian company under US sanctions

George F. Will 2019 (Pulitzer Prize for commentary in 1977. PhD from Princeton.) May, 15 2019 “ On this policy, Republicans are socialists. They just don’t want you to know.” <https://www.washingtonpost.com/opinions/on-this-policy-republicans-are-socialists-they-just-dont-want-you-to-know/2019/05/15/0abacca4-7686-11e9-bd25-c989555e7766_story.html> (accessed 3 July 2022) (ellipses in original)

“Lee says: “The No. 1 buyer of exports subsidized by Ex-Im between 2007 and 2013 was Pemex . . . the notoriously corrupt petroleum company owned by the Mexican government. Pemex, which has a market cap of $416 billion, received more than $7 billion in loans backed by U.S. taxpayers. . . . During the same period, Ex-Im backed $3.4 billion in financing to Emirates Airlines — a company wholly owned by the government of Dubai — for Emirates’ purchase of Boeing planes.” Sen. Patrick J. Toomey (R-Pa.) identifies the second- through-fifth-biggest beneficiaries of Ex-Im subsidies: (2) state-owned Kenya Airways, (3) state-owned Air China, (4) Russia’s state-owned bank VEB (currently under U.S. sanctions for bad behavior; two hands of the U.S. government, one caressing, one smiting), (5) Roy Hill mining, owned by Australia’s richest woman, a multibillionaire.”

Corruption and abuse are inherent in the function of Ex-Im. Its job is to give money to companies that don't need it

Americans for Prosperity 2019 (political research / advocacy think tank)  September 30, 2019 “Next time, Congress should bust the Export-Import Bank” <https://americansforprosperity.org/next-time-congress-should-bust-the-export-import-bank/> (accessed 3 July 2022)

The corruption, though, is a both a symptom and a cause of a deeper problem: The bank gets to pick and choose Americans who succeed in the marketplace. It showers businesses with advantages on a whim. That is its job. It is easy to discern which Americans the bank prioritizes and which it does not. Ex-Im is called “Boeing’s Bank” for a reason. After all, the bank lists Boeing as the fourth largest recipient of its “small business” funds. The company is far and away Ex-Im’s largest beneficiary, having benefited from approximately half of the lender’s projects in most years. Many of the bank’s beneficiaries, in fact, are large companies. Once again, this is by design. One of Ex-Im’s stated missions is to support small business. By this, it means businesses with up to 1,500 employees. There is a reason most Americans believe the economy is rigged to advantage the already privileged. The fact that taxpayers must act as the personal bank of some of the largest companies on earth demonstrates that they may have a point.

Harm 4 - China

Ex-Im subsidizes Chinese government loan to Chinese state-owned bank

Timothy P. Carney 2019(the senior political columnist at the Washington Examiner and a senior fellow at the American Enterprise Institute. BA from St. John’s College.) September 18, 2019 “The US Export-Import Bank is China's cash cow” <https://www.washingtonexaminer.com/opinion/columnists/the-u-s-export-import-bank-is-chinas-cash-cow> (accessed 3 July 2022)

“Repeatedly in recent years, our Export-Import Bank has subsidized China’s Export-Import Bank. For instance, in May 2015, as the U.S. agency was fighting for its life against a Tea Party effort to kill it, Ex-Im guaranteed a $23.2 million loan to the Export-Import Bank of China. The loan was made by China’s Ministry of Finance. Why did we guarantee a Chinese government loan to a Chinese state-owned bank? Because a company in Tennessee was selling factory equipment to China. That’s right: China’s treasury was lending money to China’s own Export-Import Bank to help the Chinese build a textile factory, and so our Export-Import Bank was guaranteeing the loan.”

A/T “Ex-Im fights China” – Failing funding goals

Dr. Veronique de Rugy 2022  (Senior Research Fellow at the Mercatus Center at George Mason Univ and a nationally syndicated columnist. MA in economics from Paris Dauphine Univ. and her PhD in economics from the Panthéon-Sorbonne Univ. ) January 21, 2022 “The U.S. Export-Import Bank Is a Cesspool of Crony Capitalism. Biden Wants To Expand It.” <https://reason.com/2022/01/21/the-u-s-export-import-bank-is-a-cesspool-of-crony-capitalism-biden-wants-to-expand-it/> (accessed 28 June 2022)

Then there's Ex-Im's "Program on China and Transformational Exports," which Congress inserted into the 2019 reauthorization to spur strategic investments designed to counter China's global economic influence. Last year, the program delivered only $141 million—a tiny fraction of the $27 billion target that Ex-Im is supposed to hit by the end of 2026.

A/T “Ex-Im fights China/helps eco friendly businesses” – not in reality

Reuters 2022 (Reuters is an international news agency owned by Thomson Reuters. They are one of the largest news agencies in the world. Reuters provides business, financial, national and international news.) June 17, 2022 “U.S. EXIM Bank Board Backs $811 Million Loan Guarantee To Aid Boeing Jet Sale” <https://www.shorenewsnetwork.com/2022/06/17/u-s-exim-bank-board/> (accessed 28 June 2022)

More generally, even as the Ex-Im Bank’s portfolio shrank by more than 10 percent in 2021, aviation along with oil and gas accounted for well over 60 percent of the bank’s portfolio, according to its public filings. The concentration in these sectors is the same as under the Trump administration, even though the Biden administration claims to oppose companies that have a large carbon footprint. Meanwhile, the  China and Transformational Exports Program, which Congress inserted into the Ex-Im Bank’s reauthorization in 2019 on the hope that the bank would make strategic investments to counter China’s global economic influence, has delivered only $141 million, barely a nick in the $27 billion program target that Ex-Im Bank is supposed to hit by the end of 2026. That amount does not even pay for one jumbo jet. Meanwhile, Ex-Im Bank support for small business has been declining since its quorum was restored, from $2.3 billion in 2019 to $2.1 billion in 2020 to only $1.6 billion in 2021. In 2021, the Ex-Im Bank’s financing for women- and minority-owned businesses was only $361 million. That is less than half of what it was 10 years ago, not adjusting for inflation.

DISADVANTAGE RESPONSES

A/T “Supports lots of small businesses” - falsified records

Adom Brandon stated on 2019 (Brandon is the President of FreedomWorks, a grassroots service center to millions of activists who support smaller government, lower taxes, free markets, personal liberty, and rule of law. B.A. from George Washington University and master's degrees from Georgetown Univ., George Washington Univ., and Jagiellonian University in Krakow, Poland) March 29, 2019 “Support the Export-Import Bank Termination Act, H.R. 1910” <https://www.freedomworks.org/content/support-export-import-bank-termination-act-hr-1910> (accessed 3 July 2022) (brackets in original)

“By dollar value, in 2014, some 25 percent of the Ex-Im Bank’s activities benefited small businesses,” Mercatus Center economist Veronique de Rugy noted in congressional testimony. “[I]t is worth noting that the Ex-Im Bank has been caught mislabeling its data to make it look as if more lending has gone to benefit small businesses, and it has been touting small business successes of companies that were large or already successful before any involvement with the Ex-Im Bank.”

A/T “Harms small businesses” – Ex-Im doesn’t fund them

**Salim Furth, PhD, 2014 (Senior Policy Analyst in Macroeconomics in the Center for Data Analysis, of the Institute for Economic Freedom and Opportunity, at Heritage Foundation.) 7 August 2014 “The Export-Import Bank: What the Scholarship Says”** https://www.heritage.org/trade/report/the-export-import-bank-what-the-scholarship-says (accessed 6 July 2022)

**Small Business Lender.**The Ex-Im Bank itself and many of its boosters—including whoever wrote its Wikipedia page—like to bask in the warm glow of the small businesses that receive Ex-Im loans or guarantees. More soberly, Amadou Sy and others fear that small and medium-sized businesses will not receive the credit they need to export without Ex-Im’s help. But Ex-Im is only involved in about 2 percent of U.S. export transactions, of which less than a fifth is directed to small business. Caroline Freund records that small and medium enterprises account for about 15 percent of manufacturing and services exports. Simple math shows that virtually all the small-business exports are being financed by institutions other than Ex-Im.

A/T “Small businesses” – less than half of one percent

Diane Katz 2018 (She has analyzed and written on public policy issues for more than two decades, is a research fellow in regulatory policy at The Heritage Foundation..) July 16, 2018 “The Export-Import Bank Doesn't Make America Great,” <https://www.heritage.org/trade/commentary/the-export-import-bank-doesnt-make-america-great> (accessed 3 July 2022)

April 20 2017

Bank proponents focus on small firms to deflect attention from the fact that the vast majority of Ex-Im beneficiaries are titans of industry that are well-positioned to prosper without Ex-Im subsidies.

They do not lack access to private capital, and most have billions of dollars of backorders with which to keep production going.

In recent years, the bank supported less than half of 1 percent of small businesses—which in many cases aren’t so small.

A/T “Small businesses” – Ex-Im "small business" numbers are bogus and justify abolishing ExIm

Timothy P. Carney 2019 (senior political columnist at the Washington Examiner and a senior fellow at the American Enterprise Institute. BA from St. John’s College.) July 16, 2019 “Export-Import Bank subsidizes exports, but doesn't actually increase exports” <https://www.washingtonexaminer.com/opinion/columnists/export-import-bank-subsidizes-exports-but-doesnt-actually-increase-exports> (accessed 3 July 2022)

Also, there’s the fact that much of the “support” Ex-Im brags about for small business never comes into being. More than 40% of small businesses with export-insurance plans from Ex-Im in 2016 never got coverage on a penny of exports, it turns out. What happens is that Ex-Im brokers rope small businesses into Ex-Im plans, but then they never export anything that gets coverage. This allows Ex-Im to boost its small-business numbers and justify its existence to Congress and to credulous journalists. The Export-Import Bank, then, has only a tiny effect on exports. It is entirely for Big Business exports. This hardly seems like the sort of thing that the U.S. taxpayers should be forced to back. Congress could right this wrong by refusing or even just failing to reauthorize Ex-Im.

A/T “Small businesses” – They aren’t that small (up to 1,500 employees), and they were exporting just fine before Ex-Im came along

Dr. Veronique de Rugy 2015 (contributor editor at Reason; senior research fellow at the Mercatus Center at George Mason University. MA in economics from the Paris Dauphine University and PhD in economics from the Pantheon-Sorbonne University.)  March 13, 2015 “You Want to Know Who Benefits from the Ex-Im Bank? Not Small Businesses.” <https://reason.com/2015/03/13/you-want-to-know-who-benefits-from-the-e/> (accessed 3 July 2022)

“Their best chance, [they think](http://www.washingtonpost.com/news/on-small-business/wp/2015/03/10/facing-extinction-export-import-bank-looks-to-rebrand-as-a-small-business-resource/), is to pretend market itself as an agency that benefits small businesses. It's a smart marketing move, because everyone loves small businesses! Never mind that small businesses in the world of the Ex-Im Bank is defined as a company with up to 1,500 employees and $21.5 million in revenue (so not small, really). Also never mind that the great small business success stories that the bank likes to tell always involve companies that were successfully exporting before the bank got involved (read [this great piece](http://dailysignal.com/2014/06/04/real-story-behind-small-business-ex-im-claims-built/) by the Heritage Foundation's Diane Katz). Yet, that doesn't stop the bank from claiming credit for the company's exports and brag about how small-business-oriented it is!”

A/T "Small businesses" - Small business support diminishing

Dr. Veronique de Rugy 2022  (Senior Research Fellow at the Mercatus Center at George Mason Univ and a nationally syndicated columnist. MA in economics from Paris Dauphine Univ. and her PhD in economics from the Panthéon-Sorbonne Univ. ) January 21, 2022 “The U.S. Export-Import Bank Is a Cesspool of Crony Capitalism. Biden Wants To Expand It.” <https://reason.com/2022/01/21/the-u-s-export-import-bank-is-a-cesspool-of-crony-capitalism-biden-wants-to-expand-it/> (accessed 28 June 2022)

Meanwhile, Ex-Im's support for small business has been declining since the Bank was fully restored in 2019, dropping from $2.3 billion to $2.1 billion to only $1.6 billion in 2021. In 2021, Ex-Im's financing for women- and minority-owned businesses was only $361 million. That's less than half of where it stood 10 years ago, not even adjusting for inflation.

A/T “Foreign competition” – Ex-Im worsens trade barriers and disadvantages US firms

Diane Katz 2019 (She has analyzed and written on public policy issues for more than two decades, is a research fellow in regulatory policy at The Heritage Foundation.) May 1, 2019 “Export-Import Bank Is Not the Way to Fight China” <https://www.heritage.org/trade/commentary/export-import-bank-not-the-way-fight-china> (accessed 3 July 2022)

If anything, “weaponizing Ex-Im” would worsen trade barriers and disadvantage the American firms that must compete against foreign companies enjoying U.S.-subsidized export financing. That is the case with airlines, mining, steel, and solar energy components, among other sectors. Ultimately, Congress can (and should) resolve the protracted Ex-Im debate—and halt the rampant cronyism that the export subsidies perpetrate—by allowing the bank’s charter to expire and to phase out this Depression-era relic.

A/T “Lacking capital” – Major beneficiaries of Ex-Im have plenty of money

Boeing

Diane Katz 2015 (has analyzed and written on public policy issues for more than two decades, is a research fellow in regulatory policy at Heritage Foundation.) 13 July 2015 “Export–Import Bank: Propaganda versus the Facts” https://www.heritage.org/trade/report/export-import-bank-propaganda-versus-the-facts (accessed 6 July 2022)

Boeing, the largest beneficiary of Ex–Im, operates a financing division which, just like Ex–Im, provides credit guarantees for purchasers with less than investment-grade credit. (The guarantees are largely collateralized by the aircraft being purchased.) Boeing Capital posted customer-finance assets of $3.4 billion in the first quarter of 2015. Indeed, both Standard & Poor’s and the Government Accountability Office effectively have concluded that Boeing, with a market cap exceeding $97 billion, would manage well without taxpayer subsidies

Caterpillar

Diane Katz 2015 (has analyzed and written on public policy issues for more than two decades, is a research fellow in regulatory policy at Heritage Foundation) 13 July 2015 “Export–Import Bank: Propaganda versus the Facts” https://www.heritage.org/trade/report/export-import-bank-propaganda-versus-the-facts(accessed 6 July 2022)

Caterpillar (market cap $54 billion) also operates a finance division, with more than $35 billion in assets.[16] The world’s leading manufacturer of construction and mining equipment posted 2014 sales and revenues of $55.2 billion. Caterpillar’s backlog currently exceeds $17 billion.

General Electric (GE)

Diane Katz 2015 (Diane Katz, who has analyzed and written on public policy issues for more than two decades, is a research fellow in regulatory policy.) 13 July 2015 “Export–Import Bank: Propaganda versus the Facts” https://www.heritage.org/trade/report/export-import-bank-propaganda-versus-the-facts(accessed 6 July 2022)

General Electric enjoys a market cap of $275 billion. The company began the year with a record backlog of $261 billion. Its finance arm, GE Capital Corporation, holds assets of $499 billion and its 2014 net income was $7 billion.

A/T “Lacking capital” – No financing gap. Ex-Im only spends 16% to address a “Financing gap.” That is 16% of less than 2%

Veronique de Rugy 2015 (Senior Research Fellow at the Mercatus Center at George Mason Univ.) 2 June 2015 “The Export-Import Bank: Winners and Losers of Government-Granted Privilege” Testimony before the Committee on Banking, Housing, and Urban Affairs of the US Senate https://www.mercatus.org/publication/export-import-bank-winners-and-losers-government-granted-privilege (accessed 6 July 2022)

As for the claim that the Ex-Im Bank fills an important “financing gap” by supporting US exports, it is not supported by data. The Ex-Im Bank designates only 16.4 percent of its financing as necessary to address a lack of private capital. That means that most of what the Ex-Im Bank does has nothing to do with “filling a financing gap.”

Examples of private export finance growth

Dr. Veronique de Rugy and and Justin Leventhal 2019 (deRugy -Senior Research Fellow at the Mercatus Center at George Mason Univ. MA in economics from the Paris Dauphine University and her PhD in economics from the Panthéon-Sorbonne Univ. Leventhal -  Research Associate for Economic Institutions and Growth at the Mercatus Center at George Mason University; currently attends George Mason University in the MA/Ph D program in Economics.) April 23, 2019 “Ex-Im Bank: A Comparative Analysis of Pre- and Post- Quorum Lending,” AD: 6/22/19, <https://www.mercatus.org/publications/corporate-welfare/ex-im-bank-comparative-analysis-pre-and-post-quorum-lending> (accessed 3 July 2022)

Requests from private business to take a larger role in trade finance make sense given the expansion of trade-credit insurance companies in the United States in recent years, such those of Euler Hermes and Markel. In 2017, Euler Hermes began working with Flowcast, an artificial intelligence and financial technology company, to develop new ways of providing credit insurance digitally. Markel, another large credit insurer, has expanded into Chicago to increase the company’s access to middle America. Markel’s trade insurance began in the last year of the Ex-Im Bank’s quorum (2014) and “has grown into a successful business focusing on a broad range of specialist products.”

 US firms can compete without corporate welfare

Diane Katz and Dr. Veronique de Rugy 2018 (Katx - has analyzed and written on public policy issues for more than two decades, is a research fellow in regulatory policy at The Heritage Foundation. de Rugy - Senior Research Fellow at the Mercatus Center at George Mason Univ. MA in economics from the Paris Dauphine University and her PhD in economics from the Panthéon-Sorbonne Univ).) July 13 2018 “The Export-Import Bank Doesn't Make America Great” <https://www.investors.com/politics/commentary/export-import-bank-subsidies/> (accessed 3 July 2022)

Finance costs are only one among a variety of factors that affect a purchaser's choice of supplier. Availability, reliability and stability all play significant parts in purchase decisions. It's preposterous to worry that U.S. firms are incapable of competing successfully without corporate welfare.

Example: Boeing grew just fine without Ex-Im while Ex-Im was suspended in 2018

Diane Katz 2018 (has analyzed and written on public policy issues for more than two decades, is a research fellow in regulatory policy at The Heritage Foundation. Katz was awarded fellowships by the Jack R. Howard Science Institute for Journalists at the California Institute of Technology, the Paul Miller Washington Reporting Fellowship of the National Press Foundation and programs at the Kinship Conservation Institute and the Political Economy Research Center.) July 16, 2018 “The Export-Import Bank Doesn't Make America Great,” <https://www.heritage.org/trade/commentary/the-export-import-bank-doesnt-make-america-great> (accessed 3 July 2022)

The bank's foremost beneficiary has long been Boeing, the world's largest aerospace company, with a market cap of nearly $207 billion. Despite the absence of major Ex-Im Bank financing for its foreign customers, Boeing still managed (somehow!) to generate $93.4 billion in revenue last year on a record 763 commercial deliveries. The company's backlog remains robust at $488 billion, including a record 5,864 commercial aircraft.

A/T “Ex-Im supports exports” – When Ex-Im was suspended, nothing bad happened

Americans for Prosperity 2019 (political research/advocacy think tank)  September 30, 2019 “Next time, Congress should bust the Export-Import Bank” <https://americansforprosperity.org/next-time-congress-should-bust-the-export-import-bank/> (accessed 3 July 2022)

Absence makes the heart grow fonder, but when the bank’s board of directors went without a quorum over the past four years, Americans didn’t seem to miss it. Without a quorum, Ex-Im was unable to approve transactions over $10 million. Its portfolio shrunk dramatically in those years. Its risk exposure was slashed from $116 billion in 2013 to $66 billion by 2018. What happened? America survived. More accurately, it thrived. Exports didn’t shrink, either. They rose from $1.7 trillion to $1.8 trillion over that period. The 10 large companies that receive 65% of the bank’s loans did what other companies that don’t benefit from government largesse do when they want to export: They found private financing.

A/T "Harms US exports" - Exports go up when Ex-Im does nothing

George Will 2019 (Pulitzer Prize–winning syndicated columnist. PPE ( a degree in philosophy, politics, and economics) from Magdalen College and PHD in politics from Princeton Univ.) May 16, 2019 “The Ex-Im Bank and the Essence of Socialism” <https://www.nationalreview.com/2019/05/export-import-bank-socialism-government-allocation-capital/> (accessed 28 June 2022)

Ex-Im has always been peripheral to U.S. exporting. In the four years since Ex-Im became largely dormant, the portion of American exports it subsidized fell from less than 2 percent to 0.3 percent — and exports have risen.

A/T “Ex-Im supports jobs/increases exports” – Americas businesses were doing fine without Ex-Im. Application: South Carolina.

Dr. Adam Millsap 2019 (Senior Fellow, Economic Opportunity at the Charles Koch Institute. Master’s and PhD in economics from Clemson) 18 Sept 2019 “The United States Doesn’t Need the Export-Import Bank To Thrive “<https://www.forbes.com/sites/adammillsap/2019/09/18/the-united-states-doesnt-need-the-export-import-bank-to-thrive/#59bc68c31ec3> (accessed 3 July 2022)

“The American economy has also done well despite Boeing’s lack of EXIM Bank assistance. Since May 2015, the U.S. unemployment rate has fallen from [5.6% to 3.7%](https://data.bls.gov/timeseries/LNS14000000) and wages have [grown by 4%](http://workforcereport.adp.com/) since last summer.”
**[END QUOTE. HE GOES ON LATER IN THE CONTEXT WRITING QUOTE:]**
Even in states where Boeing is a large employer, the local economy is doing well. Boeing has a [big presence](https://www.boeing.com/company/about-bca/south-carolina-production-facility.page) in North Charleston, South Carolina, where it operates an assembly and delivery site. From [2014 to 2016](https://customermap.exim.gov/state_map.cfm?state=SC), over 93% of all South Carolina EXIM funding benefited Boeing. But after the EXIM Bank lost its ability to make large loans, its support for Boeing decreased dramatically, causing Boeing to drop out of the top 10 beneficiaries of EXIM funding in South Carolina. If the EXIM Bank’s support for Boeing is as important for the economy as the company claims then South Carolina’s economy should have taken a hit, but it didn’t. As shown below, since 2015 the number of people employed in the state and the state’s labor force [have grown](https://www.bls.gov/eag/eag.sc.htm) while the number of unemployed has fallen from over 140,000 people to around 80,000. As a result, the state’s unemployment rate is down to a paltry 3.5%. If South Carolina can thrive without Boeing getting excessive amounts of EXIM financing, so can the rest of the country. America’s economy can thrive without the EXIM Bank. Even in states where traditional bank beneficiaries are big employers, such as Boeing in South Carolina, the local economy can flourish without the bank’s subsidies. Fair competition, not corporate welfare, is what makes the free enterprise system so dynamic and innovative. The EXIM Bank just gets in the way.

A/T “Ex-Im helps trade deficit” – No impact on trade deficit - other factors far outweigh

Dr. Sallie James 2012 ( a director of development at the Cato Institute; former executive officer in the Office of Trade Negotiations in the Australian Government's Department of Foreign Affairs and Trade, working on industrials market access negotiations. Master of Economics degree from the University of Adelaide, and her Ph.D. in Agricultural Economics from Univ of Western Australia.) October 1, 2012 “Ending the Export-Import Bank”   <https://www.downsizinggovernment.org/export-import-bank> (accessed 3 July 2022)

“The Ex-Im Bank's goal of boosting exports and improving the U.S. international trade balance smacks of mercantilism. The reality is that the U.S. trade balance has more fundamental causes that aren't changed by government export subsidies. The Government Accountability Office has pointed out that "export promotion programs cannot produce a substantial change in the U.S. trade balance."7 The trade balance is driven largely by macroeconomic factors such as the difference between the level of savings and investment.”

A/T “Ex-Im solves export backlog”- If backlog exists, Ex-Im isn’t helping

Dr. Veronique de Rugy 2022  (Research Fellow at the Mercatus Center at George Mason University and a nationally syndicated columnist; PhD in economics from the Panthéon-Sorbonne University. ) January 21, 2022 “The U.S. Export-Import Bank Is a Cesspool of Crony Capitalism. Biden Wants To Expand It.” <https://reason.com/2022/01/21/the-u-s-export-import-bank-is-a-cesspool-of-crony-capitalism-biden-wants-to-expand-it/> (accessed 28 June 2022)

Ex-Im's grandiose claims shouldn't distract us from its mediocrity. In 2019, Congress handed the agency a seven-year reauthorization and restored a quorum on its board of directors. This allowed Ex-Im to resume work on what it claimed was a $40-billion backlog of U.S. projects. The argument was that during the four prior years, when Ex-Im was mostly dormant, U.S. exporters lost billions of dollars because foreign clients couldn't access preferential loan rates and terms (all backed by American taxpayers). These exports, the tale continued, were ready to roll as soon as the agency was revived. Nonsense. Three years later, advocates for the Bank's crony activities still use the backlog as justification. In other words, if there ever was a backlog, it's apparently still there.

1. † David passed away on 19 August 2022. [↑](#footnote-ref-1)