



June 24, 2014

Phone: 202.783.3870  
Fax: 202.942.7629

[www.freedomworks.org](http://www.freedomworks.org)

400 North Capitol Street, NW  
Suite 765  
Washington, DC 20001

Dear FreedomWorks Member,

As one of our over 6 million FreedomWorks members nationwide, I urge you to contact your Representative and ask him or her to allow the U.S. Export-Import (Ex-Im) Bank to expire on October 1<sup>st</sup>, 2014, and to vote against any measure that would reauthorize it. The Ex-Im Bank is an obsolete and unnecessary waste of taxpayer dollars and a blatant example of corporate welfare, which Congress can stop by merely doing nothing.

Founded in 1934 by an FDR executive order, the Ex-Im Bank's very mission is completely incompatible with a free market. The bank's own mission statement declares that its loans assume "credit and country risks that the private sector is unable or unwilling to accept." If Ex-Im follows its own guidelines, its investments are inherently high-risk, with taxpayers on the hook if the loans go bad.

For years, Ex-Im's defenders have insisted that the Bank's risks to the taxpayer are minimal, ignoring the bank's prior history. In the 1980s, Ex-Im ran up billions of dollars in debt and was forced to seek a taxpayer bailout.<sup>1</sup> Since the assessment process Ex-Im uses tends to greatly understate the risk of its loans, it is likely that the Bank could face similar difficulties in the future if interest rates were to return to normal levels.<sup>2</sup>

Another point often raised in the Ex-Im's favor is that its investments make the taxpayers money. The Congressional Budget Office dismissed that myth earlier this year, using fair-value accounting to reveal that Ex-Im loses taxpayers hundreds of millions of dollars per year.<sup>3</sup>

Still another straw man raised in defense of Ex-Im is that it creates American jobs by helping exports, and that its termination would therefore kill thousands of these jobs. This is a classic case of the seen versus the unseen, as Ex-Im's cheap loans

---

<sup>1</sup> "Export-Import Bank to Seek Taxpayer Bailout," *Los Angeles Times*, December 21, 1987. Accessed online: [http://articles.latimes.com/1987-12-21/news/mn-20449\\_1\\_export-import-bank](http://articles.latimes.com/1987-12-21/news/mn-20449_1_export-import-bank)

<sup>2</sup> Diane Katz, "The Export-Import Bank: A Government Outfit Mired in Mismanagement," Heritage Foundation Issue Brief No. 4028, April 29, 2014

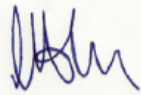
<sup>3</sup> Congressional Budget Office, "Fair-Value Estimates of the Cost of Selected Federal Programs," May 2014. Accessed online: <http://www.cbo.gov/sites/default/files/cbofiles/attachments/45383-FairValue.pdf>

may bolster jobs for one company, but cost jobs in another when foreign companies use the cheaper imports from the U.S. to undercut their U.S. competitors.

The fact is that no defense raised by proponents of the Ex-Im Bank can successfully justify the bank's continued existence. Such rhetoric serves mostly to gloss over the fact that most of the bank's loans are corporate welfare to giant, well-connected corporations. A study by Mercatus Center scholar Veronique de Rugy reveals that in 2013 ten companies received 97 percent of the Ex-Im Bank's loan guarantees.<sup>4</sup> There is zero reason that taxpayers should be backing high-risk loans to profitable entities such as Boeing, General Electric, Bechtel, and Caterpillar.

Congress now has the ability to end the Ex-Im Bank's 80-year run by simply allowing the its authorization to expire. Thus, I hope you will contact your Representative and ask him or her to simply do nothing to reauthorize the Ex-Im Bank, and to vote against any reauthorization that comes to the floor.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Matt Kibbe', is placed on a light yellow rectangular background.

Matt Kibbe  
President and CEO,  
FreedomWorks

---

<sup>4</sup> Veronique de Rugy, "The Biggest Beneficiaries of the Ex-Im Bank," Mercatus Center, April 29, 2014. Accessed online: <http://mercatus.org/publication/biggest-beneficiaries-ex-im-bank>