Congressman Ron Paul U.S. House of Representatives June 5, 2002

EXPORT-IMPORT BANK IS CORPORATE WELFARE

Mr. PAUL. Madam Speaker, I rise in opposition to this bill. This bill is nothing more than subsidies for big corporations. If one were to look at the Constitution and look for authority for legislation of this sort in article I, section 8, it would not be found. That in itself should be reason to stop and think about this, but we do not look at that particular article too often any more. Also for moral reasons, I object to this. Even if we accepted the idea that we should interfere and be involved in this type of activity, it is unfair because the little guy gets squeezed and the big guy gets all of the money. It is not morally fair because it cannot be. One thing that annoys me the most is when Members come to the floor and in the name of free trade say we have to support the Export-Import Bank. This is the opposite of free trade. Free trade is good. Low tariffs are good, which lead to lower prices; but subsidies to our competitors is not free trade. We should call it for what it is. We have Members who claim they are free traders, and yet support managed trade through NAFTA and WTO and all these special interest management schemes, as well as competitive devaluation of currencies with the notion that we might increase exports. This has nothing to do with free trade. I am a strong advocate for free trade, and for that reason I think this bill should not be passed. There are good economic reasons not to support this. Because some who favor this bill argue that some of these companies are doing risky things and they do not qualify in the ordinary banking system for these loans and, therefore, they need a little bit of help. That is precisely when we should not be helping. If there is a risk, it is telling us there is something wrong and we should not do it. It is transferring the liability from the company to the taxpayer. So the risk argument does not hold water at all. The other reason why economically it is unsound, is that this is a form of credit allocation. If a bank has money and they can get a guarantee from the Export-Import Bank, they will always choose the guarantee over the nonguarantee, so who gets squeezed. The funds are taken out of the investment pool. The little people get squeezed. They do not get the loan, but they are totally unknown. Nobody sees those who did not get a loan. All we see is the loan that benefits somebody on the short run. But really on the long run, it benefits the big corporations. Many times it doesn't even do that. Take a look at Enron. We have mentioned Enron quite a few times already. If we add up all of the subsidies to Enron, it adds up to $1.9 billion. That is if we add up the subsidies from OPIC as well. And look at what Enron did. They ran a few risks, and then they lost it. Who was left holding the bag? The taxpayers. Madam Speaker, I strongly urge a no vote on this bill. If Members are for free trade, they will vote against this bill, and will vote for true free trade.