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BACKGROUNDER

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The Export-Import Bank: What the Scholarship Says

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Abstract

The primary activity of the Export-Import Bank of the United States is to provide export subsidies to buyers and sellers of U.S. exports. Its goal is to shift global market share to U.S.-based corporations and away from corporations headquartered in other countries. However, ample research by academic economists found that in most cases, export subsidies reduce the total income of the country paying the subsidies. In all cases, export subsidies reduce global income, and benefits accrue only to those who are subsidized—at the expense of other exporters and taxpayers. Most of the arguments in favor of the Export-Import Bank recast the bank as having a primary function other than providing export subsidies—such as small-business lending or global diplomacy. But theory and practical reality both show that the bank does not, and should not, engage in other activities. Since the bank's main function is harmful to the U.S. economy, and it is not designed to carry out other functions, its charter should not be renewed.

Much of the published support for the Export-Import Bank of the United States (Ex-Im Bank) is based on inaccurate views of the function of the bank or on mischaracterizations of the economics of providing export subsidies, which is the bank's actual function. Export subsidies were extensively studied in a lengthy scholarly literature on "strategic trade policy,"[1] which played out in the pages of the *Journal of International Economics* during the 1980s and early 1990s. That literature found that, in theory, there is a narrow set of circumstances under which export subsidies can help a country by gaining international market share for a domestic corporation. The same research showed that under a much broader set

Key Points

- The Export-Import Bank's main function is to provide export subsidies to corporations headquartered in the U.S.
- The Ex-Im Bank's subsidies help entrenched monopolists resist competitive pressure.
- Even under very specific conditions, export subsidies lower total world income and have a narrow class of beneficiaries.
- In a complex and dynamic world with many industries, competitors, and countries, free trade is the best policy for income growth and job creation. Allowing trade subsidies to be directed at Ex-Im's discretion invites lobbying and cronyism.
- Instead of defending the bank's actual role as an export subsidizer, most arguments in favor of Ex-Im re-imagine the bank as a small-business lender, a diplomatic agency, or something else. Such arguments are flawed and fail to defend the bank's main function.

This paper, in its entirety, can be found at **http://report.heritage.org/bg2934**

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of circumstances, free trade is better than export subsidies for consumers, taxpayers, and even total industrial profits. Indeed, many academics concluded that subsidies do not even work in wresting market share from foreign competitors.

Before delving into the research, I show that the Ex-Im Bank's main activity is export subsidization, a type of strategic trade policy. Then I review several important papers from the theoretical and empirical literatures. Before concluding, I address some of the arguments raised by those in favor of keeping the Ex-Im Bank.

What Does the Ex-Im Bank Do?

The core activity of the Export-Import Bank is to provide cheap credit to international customers of large U.S.-based corporations. (In some cases the credit is direct, in others it is a guarantee of a private loan, so that U.S. taxpayers bear the risk of default). By offering interest rates below the typical ones available in the market, the Ex-Im Bank is subsidizing the transaction between the U.S.-based seller and the international buyer. The point is to lure market share away from a competitor (say, Europe's Airbus) and increase the volume of sales for the U.S.-based firm (say, Boeing).

A much smaller portion of the Ex-Im Bank's business is to provide export trade credit for small and mid-size businesses. Ex-Im's proponents have argued that credit would not be otherwise available for some of its customers. But Ex-Im's business model of providing better-than-market interest rates makes their claim unverifiable. If Ex-Im instead provided financing at interest rates slightly worse (higher) than comparable market rates, borrowers would then have an incentive to use a competitive lender where one is available, and resort to government loans only when private lending was actually absent. If, in fact, private lenders do not exist for some of the transactions that Ex-Im subsidizes, they may have been effectively kept out of the market by Ex-Im's subsidized interest rates. Thus, providing credit to companies that could not otherwise export is at best a side business for the Ex-Im Bank, and in any case not a verifiable part of its business.

The Narrow Theoretical Case for Export Subsidies

Ex-Im's main business model can be distilled into the phrase "export subsidies." The canonical case in favor of export subsidies is made in a 1985 paper by James Brander and Barbara Spencer.[2] They find that export subsidies can enrich a country at its competitor's expense, but only under very narrow conditions.

Brander and Spencer note that they "are assuming an economy with identical consumers who receive the same income based on identical endowments and an equal share of the profits of the imperfectly competitive domestic firm. This is the usual assumption one makes so as to abstract from the problem that the national distribution of income affects demand and welfare." In other words, the authors assume that ownership of the exporting company is equally shared among all citizens. It is not exactly a surprise that a subsidy benefits the owners of the subsidized corporation. Recent experience provides an example: When one of Ex-Im's powerful defenders in Congress was voted out, Boeing's share price fell significantly.[3]

Even for those who do own Boeing, Ex-Im is not all positive. "The terms of trade move against the subsidizing country," caution Brander and Spencer, which means that imports become more expensive. Finally, the export subsidy definitely shrinks total world output and consumption. As is typical in redistribution, some value is lost when government shifts market share from Airbus to Boeing.

Of course, Airbus has government backers as well, providing similar subsidies to it. In Brander and Spencer's framework, both governments use subsidies to shift market share toward their favorite corporation. That process works similarly regardless of whether the other government uses subsidies, so retaliation is typical, but not a necessary ingredient.[4]

1. Strategic trade policy denotes the use of governmental trade barriers and subsidies that raise income for some people at the expense of others. It is premised on the idea that markets are not purely competitive, and that, hence, there are extra profits ("rents") up for grabs.
2. James A. Brander and Barbara J. Spencer, "Export Subsidies and International Market Share Rivalry," *Journal of International Economics*, No. 18, Nos. 1–2 (1985), pp. 83–100.
3. Julie Johnsson and Felice Maranz, "Boeing Tumbles as Cantor Loss Clouds Ex-Im Bank's Future," Bloomberg News, June 11, 2014, http://www.bloomberg.com/news/2014-06-11/boeing-tumbles-as-cantor-loss-clouds-ex-im-bank-s-future.html (accessed July 7, 2014).
4. That is, the game is a prisoner's dilemma.

When Is an Export Subsidy Working? Brander and Spencer evaluate export subsidies by subtracting the costs to taxpayers from the extra profits for the corporation. The costs include the subsidy and the terms of trade shift. The extra profits include part of the subsidy (the other part is enjoyed by the buyer of the export) and the added profits from increasing market share. So, when economists say that export subsidies "work," they usually mean that the benefits (to the corporation) outweigh the costs (to the taxpayers). When economists say export subsidies "don't work," they mean that the corporation's profits do not increase as much as the subsidy loss, and export subsidies are even worse than if the taxpayers wrote a check to the corporation. In all cases—whether the subsidy works or does not work—the world economy as a whole experiences a loss.

In a broad set of circumstances, export subsidies do not work: They are so inefficient that they fail even to improve corporate profits by the amount of the subsidy plus the terms-of-trade loss.

Extending the Theory. Avinash Dixit and Gene Grossman expanded the export-subsidy model to analyze a world with more than one industry in which trade is "oligopolistic"—that is, competition occurs only between a small number of corporations.[5] (The extreme form of oligopoly is monopoly, with just one corporation.) Dixit and Grossman found that the more industries compete for scarce inputs like specialized labor, the worse export subsidies are for the economy relative to free trade. In a world with many industries, each of them is better off without broadly granted export subsidies.

As the theoretical literature developed, it became clear that results depended heavily on specific simplifying assumptions in each model. In a 1988 paper subtitled "Contradictory Results from Competing Assumptions," James Markusen and Anthony Venables tried to identify the key assumptions behind the various results.[6] One key conclusion in the paper is that strategic trade policies like Ex-Im's work best in highly concentrated industries. An industry with a huge domestic monopolist is the best case scenario for the Ex-Im Bank. That puts Ex-Im at odds with the normal government policy, which regards monopolies with suspicion and encourages entry into uncompetitive industries. Engaging in export subsidies places the government on the side of the monopolistic producer and against the consumer.

To summarize the theoretical literature: Export subsidies such as those provided by the Ex-Im Bank have broad costs and narrow benefits. The benefits accrue only to those who are directly involved in the subsidized corporations. The benefits disappear as the industry becomes more competitive or as the number of industries grows.

Underlying Assumptions. As with all economic theory, the results of strategic trade policy theory depend on the assumptions in each model. The papers mentioned (and others) focus mainly on the outcomes under different industrial structures. But the most common assumptions are relevant to policy as well.

Most trade theory assumes that government is unitary, omniscient, and cares only about maximizing the total income of residents; it assumes that the subsidized firms are wholly owned by domestic residents (and often in equal shares by all residents); and it assumes that technology and industrial structure are fixed.

Government is not, of course, unitary or omniscient, nor does it prioritize only the aggregate incomes of its residents. Government agencies often work at cross-purposes, and government agents have limited and sometimes incorrect information. The theory of export subsidies assumes that government knows how much trade would occur and which prices would prevail under any possible policy, and then chooses the optimal policy. And, even taking the government's limited information into account, real-life trade policy is largely detached from theory.[7]

Trade theory also assumes that corporations do not spend money lobbying for higher subsidies and that government is impervious to such entreaties. That would be nice. But as Kishore Gawande and

5. Avinash K. Dixit and Gene M. Grossman, "Targeted Export Promotion with Several Oligopolistic Industries," *Journal of International Economics*, Vol. 21, Nos. 3–4 (1986), pp. 233–249.
6. James R. Markusen and Anthony J. Venables, "Trade Policy with Increasing Returns and Imperfect Competition: Contradictory Results from Competing Assumptions," *Journal of International Economics*, Vol. 24, Nos. 3–4 (1988), pp. 299–316.
7. Kishore Gawande and Usree Bandyopadhyay, "Is Protection for Sale? Evidence on the Grossman–Helpman Theory of Endogenous Protection," *The Review of Economics and Statistics*, Vol. 82, No. 1 (February 2000), pp. 139–152.

Usree Bandyopadhyay found, trade policy is responsive to lobbying and more closely linked to maximizing profits than to maximizing national income.[8]

Most taxpayers do not own substantial stock in corporations subsidized by Ex-Im. Nor are all substantial owners of U.S. corporate stock Americans: In the global world of finance, there is no reason why investors from Brunei, Busan, or Berlin cannot be shareholders in Boeing. James Markusen, among others, has discussed the many ways that multinational corporations and international owners can respond to trade policy to turn it to their own benefit.[9]

Finally, models of trade usually assume that the current structure of industry and the production technology are fixed, so policy is set in a static framework. But there is strong hysteresis in policy, which tends to move slower than the real world. (Case in point: Ex-Im was founded 80 years ago to facilitate exporting to a country that no longer exists—the Soviet Union.) So, implementing export subsidies to benefit a domestic monopolist discounts (and decreases) the possibility that new entrants could challenge the monopoly in the domestic market and benefit consumers by increasing competition.

The best lesson from the theoretical strategic trade literature is that as models become more and more complex, free trade usually becomes the optimal policy. In a very simple and static world, governments can rig the game in favor of their constituents. But as the modeled world approaches the real world, with its unknowable complexities and constant fluctuations, free trade becomes more and more efficient and beneficial than governmental gamesmanship.

Empirically Unsupported. After a decade of deepening the theory of strategic trade policy, a concerted effort to measure the predictions of the models against real-world data had little success identifying areas where export subsidies could improve on unilateral free trade.

The contrast between 1980s and 1990s trade research can be seen in two compilations edited by Paul Krugman. Krugman's introductory chapter to the first volume, which observed the Ex-Im Bank's 50th anniversary, cautiously celebrates the new avenues opening up in trade theory, the value of economists with big ideas to policymakers, and the possibility that research could identify specific sectors and specific methods to improve upon free trade.[10] In the second volume, on empirical research, Krugman struggles to find a positive note:

> What can we learn from the research represented in this volume? [Implementation]…has not been an easy matter…a painful process…hard work… less than fully satisfactory. There have been no stunning empirical successes.[11]

Gernot Klepper found that Europe's subsidies for Airbus hurt European consumers.[12] Kala Krishna, Kathleen Hogan, and Phillip Swagel conclude that it is not possible to know what the optimal trade policy is for any given industry, and prove that optimal trade policy depends heavily on industry structure.[13] Anthony Venables simulated nine British industries and found net losses, sometimes "extremely large," in six of them.[14] In the other three cases, he cautions that the "magnitude of the gains remains extremely modest."[15] Andrew Dick found that global market share for different firms moved in the opposite direction as Krugman's prediction in a paper in

8. Ibid.
9. James R. Markusen, "The Boundaries of Multinational Enterprises and the Theory of International Trade," *The Journal of Economic Perspectives*, Vol. 9, No. 2 (1995), pp. 169–189.
10. Paul Krugman, "Introduction: New Thinking About Trade Policy," in *Strategic Trade Policy and the New International Economics*, Paul Krugman, ed. (Cambridge, MA: MIT Press, 1986).
11. Paul Krugman, "Introduction," in *Empirical Studies of Strategic Trade Policy*, Paul Krugman and Alasdair Smith, eds. (Chicago: University of Chicago Press, 1994), p. 7.
12. Gernot Klepper, "Industrial Policy in the Transport Aircraft Industry," in *Empirical Studies of Strategic Trade Policy*, Krugman and Smith, eds.
13. Kala Krishna, Kathleen Hogan, and Phillip Swagel, "The Nonoptimality of Optimal Trade Policies: The U.S. Automobile Industry Revisited, 1979–1985," in *Empirical Studies of Strategic Trade Policy*, Krugman and Smith, eds.
14. Anthony J. Venables, "Trade Policy under Imperfect Competition: A Numerical Assessment," in *Empirical Studies of Strategic Trade Policy*, Krugman and Smith, eds.
15. Ibid., p. 58.

which Krugman proposed using protectionism to promote exports.[16]

A decade later, Kyle Stiegert and Shinn-Shyr Wang looked back at the effort to connect strategic trade theory to real-world industries and found very little of practical value.[17]

Counterarguments

A variety of commentators have made arguments in favor of the Export-Import Bank. A common theme among Ex-Im's defenders is seeking to recast the bank as something other than a tool for strategic trade policy through export subsidization.

Small Business Lender. The Ex-Im Bank itself[18] and many of its boosters—including whoever wrote its Wikipedia page[19]—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.[20] 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.[21] Simple math shows that virtually all the small-business exports are being financed by institutions other than Ex-Im.

Paradoxically, the trade theory reviewed above gives unqualified opposition to export subsidies for small businesses (which almost always operate in highly competitive markets). The theoretical case exists only for monopolists or near-monopolists. So there is a strong economic case against re-imagining Ex-Im as a small-business lender.

If Ex-Im's value came from its focus and expertise in lending to exporters' customers, rather than through mere subsidies, the U.S. government could sell the bank, return a profit to the taxpayers, and allow the institution to live on as a competitive lender. Whether a market exists for the Ex-Im Bank is a good indicator of its technical value and ability to identify promising small exporters.

Realpolitik Tool. Thomas Donnelly recasts the Ex-Im Bank as a weapon in the U.S. arsenal, useful for currying favor with ugly but necessary allies.[22] To Donnelly, the cronyism is a feature, not a bug: "If the Emiratis get a 'sweetheart deal' from Uncle Sugar's Ex-Im Bank, it's a baksheesh well spent."[23] Even if one accepts the premises that America's allies need to be bribed and that bribery is a morally acceptable form of diplomacy, this idea is unrelated to the reality of the Ex-Im Bank. The bank exists to do battle against the corporations associated with U.S. allies. Ex-Im's enemy list features Airbus and Embraer, not al-Qaeda. Nor is Ex-Im's lending profile directed by the Departments of State or Defense. Does Donnelly think that executives at Bechtel and General Electric should be instrumental in forming U.S. foreign policy?

"Zero Lower Bound" Implications. Paul Krugman broke his uncharacteristic silence on Ex-Im to offer the lukewarm endorsement that Ex-Im is less harmful than usual when interest rates are stuck at zero. He dismisses the usual case for keeping Ex-Im in place, writing that "you can make various strate-

16. Andrew R. Dick, "Does Import Protection Act as Export Promotion? Evidence from the United States," *Oxford Economic Papers*, New Series, Vol. 46, No 1 (January 1994), pp. 83–101.
17. Kyle W. Stiegert and Shinn-Shyr Wang, "Imperfect Competition and Strategic Trade Theory: What Have We Learned?" International Agricultural Trade Research Consortium *Working Paper* No. 03-9, December 2003, http://ageconsearch.umn.edu/bitstream/14589/1/wp03-09.pdf (accessed July 7, 2014).
18. Export-Import Bank, "Boosting Small Business," http://www.exim.gov/about/library/reports/annualreports/2013/small-business.html (accessed July 7, 2014).
19. Wikipedia, "Export-Import Bank of the United States," http://en.wikipedia.org/w/index.php?title=Export-Import_Bank_of_the_United_States&oldid=615991515 (accessed July 7, 2014).
20. Amadou Sy, "Can the Private Sector Really Replace the Export-Import Bank? Beware of the Missing Middle," The Brookings Institution, July 7, 2014, http://www.brookings.edu/blogs/up-front/posts/2014/07/07-private-sector-export-import-bank-sy (accessed July 7, 2014).
21. Caroline Freund, "Rethinking the National Export Initiative," Peterson Institute for International Economics *Policy Brief* No. PB14-7, February 2014, http://www.piie.com/publications/pb/pb14-7.pdf (accessed July 7, 2014).
22. Thomas Donnelly, "Don't Kill the Ex-Im Bank, Expand It," *The Daily Caller*, June 30, 2014, http://dailycaller.com/2014/06/30/dont-kill-the-ex-im-bank-expand-it/ (accessed July 7, 2014).
23. Ibid.

gic trade policy arguments, but the case for a special export lender is weak at best." Then he reverses position, citing current interest rate conditions as a reason why mercantilism will "work" for the moment.[24]

But if the relevant interest rates really are stuck at zero, it is now the perfect time to eliminate Ex-Im. Since Ex-Im functions as a lender, its removal could cause a small short-term shift in the supply of loanable funds. (In the long run, and possibly very quickly, that supply would be replaced by private banks.) But if the equilibrium full-employment interest rate is currently below zero, the quantity of loans is demand-determined and a leftward shift in supply will have no impact on quantity.

If Krugman is thinking of Ex-Im as a form of fiscal stimulus, his argument collides head-on with the more common defense of Ex-Im, that it does not cost taxpayers money. If Ex-Im runs a surplus, ending it would be a form of stimulus! Alternatively, if Krugman is thinking of Ex-Im's lending as a form of quantitative easing, it can surely be offset by the Federal Reserve.

Market Failure. Noah Smith[25] and Jared Bernstein[26] both express concern that credit markets are imperfect and argue, respectively, for keeping Ex-Im and phasing it out slowly. But the market imperfection that is most likely in this case (besides the subsidies, of course) is *limited commitment*. That is, perhaps foreign buyers cannot fully commit to repaying export loans, and weak rule of law may make it difficult for an American exporter to repossess the export shipment if the buyer defaults. If this market failure in fact exists on a significant scale (it has not been demonstrated) the right solution could improve global efficiency and income. But Ex-Im's loans and guarantees are not a solution to a limited-commitment problem.[27]

The possibility of a market failure is not carte blanche for government intervention. Policies have to be tailored to the specific imperfection in order to improve things. The wrong intervention will make things worse. Bernstein notes that it is not known whether developing countries would buy Boeing airplanes without Ex-Im's loan guarantees.[28] It is also not known if it is an optimal use of Boeing's resources to supply airplanes to developing countries, or if buying airplanes is the best use of developing-country-taxpayers' money.

What should make Smith and Bernstein especially uncomfortable about Ex-Im is that it exists as a way to exploit and maintain a market imperfection: oligopoly. Export subsidies only work (if ever) when markets are highly concentrated, with high barriers to entry. The subsidies that Ex-Im grants add to the existing barriers to entry: By providing subsidies for existing exporters, they make it even harder for other U.S. firms to enter the export market unsubsidized and for competing firms to get a foothold.

Unilateral Disarmament. The most serious counterargument, because it correctly characterizes Ex-Im's principal function, is that the U.S. should not "disarm" while its competitors are still providing export subsidies. Frank Gaffney Jr.[29] argues that U.S.-based companies will not be able to compete globally if the U.S. does not subsidize their exports. He argues that without Ex-Im, U.S. corporations will lose market share, decrease production, and shed employment.

This counterargument can actually engage with the economic theory and empirical evidence presented above: Under which conditions do export subsidies gain market share for U.S. producers? Squabbling with Europe and Japan-based corporations for market share is globally harmful, but does it at least benefit the U.S. labor market?

24. Paul Krugman, "ExIm Irony," *The New York Times*, June 24, 2014, http://krugman.blogs.nytimes.com/2014/06/24/exim-irony/ (accessed July 7, 2014).

25. Noah Smith, "Ex-Im Bank Pays the U.S. Back," Bloomberg View, July 1, 2014, http://www.bloombergview.com/articles/2014-07-01/ex-im-bank-pays-the-u-s-back (accessed July 7, 2014).

26. Jared Bernstein, "A Few More Thoughts on the Ex-Im Bank," On the Economy Blog, July 2, 2014, http://jaredbernsteinblog.com/a-few-more-thoughts-on-the-ex-im-bank/ (accessed July 7, 2014).

27. If limited commitment were a significant problem for the exporters that Ex-Im supports, that would imply a high risk of default on Ex-Im's loans and guarantees. Ex-Im's loans and guarantees would actually increase the default risk by adding a moral hazard problem to the original limited-commitment problem. Thus, if Ex-Im were trying to solve a limited-commitment problem it would incur a high incidence of default and lose a lot of money. Instead, Ex-Im publicizes its success at avoiding defaults. See Export-Import Bank of the United States, *Annual Report 2013: FY 2013 Highlights*, http://www.exim.gov/about/library/reports/annualreports/2013/highlights.html (accessed July 15, 2014).

28. Probably, they would take European taxpayers' money and buy Airbus jets instead.

29. Frank J. Gaffney Jr., "The Right's Unilateral Disarmers," Breitbart.com, July 9, 2014, http://www.breitbart.com/Big-Government/2014/07/09/The-Rights-Unilateral-Disarmers (accessed July 10, 2014).

Whether export subsidies actually raise U.S. total income depends on the market conditions of the exporters. Current market conditions can be characterized as follows:

- There are more than two significant global exporters in every market.
- Corporate ownership is public and international.
- Most large exporters are multinational and have global supply chains, so their production is not exclusively in the U.S.
- There are many U.S. industries that export globally and on a large scale.
- The U.S. market is a significant portion of the global market.
- World markets are complex and not easily understood by government.
- Lobbying efforts are influential in setting trade policy.
- Large exporters mostly operate in high-tech, high-innovation sectors.

Any one of these factors would break down the narrow case for export subsidies in Brander and Spencer's framework. Together, they obliterate it. Disarming from export subsidies cannot hurt U.S. total income or U.S. job creation[30] because they are an utterly impotent armament.

Instead, trade theory predicts that unilaterally discarding export subsidies would raise total U.S. income, raise the incomes of America's trading partners, and allow more job creation at home and abroad.

Conclusion

The arguments in favor of Ex-Im usually focus on one secondary aspect of its function. Few are making reasoned arguments that recognize and embrace Ex-Im's core function as an instrument of strategic trade policy designed to increase the profits of U.S.-based corporations at the expense of U.S. taxpayers and foreign corporations. But that is the case that was made in the strategic trade literature of the 1980s and largely rejected for practical application by the same researchers as the theory deepened and was disciplined by the data. And that is the case that explains the bulk of Ex-Im's activities.

In fact, the case for Ex-Im is so narrow that a robust case against Ex-Im could be made consisting only of the caveats of its proponents.

For example, Krugman's case for Ex-Im is that it can successfully shift profits from Airbus to Boeing (but only under current conditions). When he says that "mercantilism works," he means that "countries that subsidize exports and restrict imports actually do gain at their trading partners' expense."[31] Ex-Im is a distasteful trade war salvo at best, especially since it principally targets Europe and Japan, whose economies are even weaker than America's at the moment.

Smith's case for Ex-Im includes the caveat, "I don't actually know if the Ex-Im Bank is good for efficiency." If readers are still unconvinced, he goes on, "Ex-Im Bank certainly creates losers, certainly helps politically connected large corporations, and is certainly a corporatist institution."[32]

Donnelly's case for Ex-Im is the ugliest: "Wise strategy embraces an ally, defeats an adversary, and bribes a client. With the Ex-Im Bank, the bribery comes on the installment plan." Apart from the facts that Ex-Im is designed to defeat allies and regularly embraces adversaries, bribery is unbecoming.

The theoretical models that attempted to justify the existence of export subsidies were shown to depend on a very narrow set of assumptions. Empirical evaluation of those models found even less certainty—even in the cases that best matched the narrow assumptions, reality was too complex. There never was, nor is there now, a good economic case for export subsidies, nor, by extension, for the existence of the Export-Import Bank.

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30. It is not always the case that total income and total jobs rise and fall together. In fact, since Ex-Im exists to boost corporate profits in sectors that are oligopolistic, it is possible that Ex-Im would destroy jobs even if it raised total income.
31. Paul Krugman, "How Much of the World Is In A Liquidity Trap?" *The New York Times*, March 17, 2010, http://krugman.blogs.nytimes.com/2010/03/17/how-much-of-the-world-is-in-a-liquidity-trap/ (accessed July 7, 2014).
32. Smith, "Ex-Im Bank Pays the U.S. Back."