

>> Announcer: Ladies and gentlemen, an armchair discussion with U.S. Senator Heidi Heitkamp. Please welcome our moderator, Kevin Cirilli, Chief Washington Correspondent for Bloomberg Television, and he's joined by Heidi Heitkamp, U.S. Senator, North Dakota.

>> Well, Senator, thanks for being here.

>> Well, thank you for having me.

>> Now, before we get started, probably, I'm biased, but I understand you're a Carson Wentz fan, and as a Philadelphia Eagles fan, I wanna thank you for your state delivering us Carson Wentz.

>> I always wonder what his mother feels like when all the people in Washington D.C. thank me for Carson. I think we love him, and we're very proud. And we always have to mention that Miss America is also from North Dakota, there, too, from the same high school.

>> Kevin: Wow.

>> They are. It's true. Both have an incredible history, but I think the one thing I would describe both of them is their tenacity, their willingness to work so hard to achieve what they've achieved. So we like to think that they really, truly reflect the North Dakota work ethic, the North Dakota common sense. We can get it done if we all pull together.

>> Kevin: Awesome.

>> And they're nice people.

>> And now, for a transition into Export-Import Bank. How did we get here, Senator?

>> Oh, I don't know. I mean, I think the last time I was here, we were spending a lot of time talking about reauthorization, and we thought that really was the fight. The one thing that we've learned from all of this is that you can reauthorize the bank with almost 70% majorities in both the House and the Senate, and people who hate the bank for whatever reason will find another way to shut it down. As you know, we have absolutely no one right now on our board of directors. We had four really highly qualified candidates coming before us and the banking committee. Great hearing, one that was unable to secure a majority vote in the Banking Committee. Because the one didn't secure a majority vote, we now are unable to move the other nominees to a vote on the floor. So, last night, I don't know if any of you were watching, but Senator Brown, Ranking Member Brown and I went to the floor and tried to move unanimous consent to bring up the EXIM nominees so that we could get a quorum on the bank. We were unsuccessful. Senator Toomey objected and objected, because he does not believe that we are headed in the right direction with the bank. It was clear from his comments that he thinks that the only way we can get someone to run the bank is if that person who's gonna run the bank agrees to negotiate a wind down over all of the EXIM Bank.

>> Kevin: And that's a nonstarter.

>> Yeah. I mean, he's entitled to his opinion. The problem that we have in Congress that frustrates so many people and frustrates you, as users of the EXIM Bank, is how can this be that, overwhelmingly, the majority of people in the Congress, the majority of people when you present this issue nationally to the public would support the bank, yet we can't get it moved. It's because the political ideologies are so powerful. I talked about political ideology, and I said, I think at one point it was like a bow tie, if you think of that. The middle, there's probably a few people really in the hard middle, and then, there was this spread out to the ideology of the right and the left. It's now a dumbbell. Think about that. I mean, there are very few people on that line, and then, huge contingents of people on either end.

>> Let me follow up with you, Senator, about last night. It was pretty contentious for a long fight on the floor of the United States Senate.

>> They get wound up, yeah.

>> But I thought it was interesting, because I covered the Senate Banking Confirmation Hearing of Scott Garrett, and there was a lot speculation that, ultimately, he only wanted that post to shut down the bank. And I think what we heard last night from Senator Toomey, the Republican from Pennsylvania, was essentially that was exactly what he was nominated to do.

>> Upon repeated questions of Congressman Garrett, will you commit to a fully functioning bank and a future for the EXIM Bank, he would repeatedly not answer that question. And it really was the failure to answer that question that lead Mike Rounds to vote no on his confirmation. That's why he didn't come out of committee. He got a negative vote on the Republican side, and, therefore, his nomination wasn't advanced.

>> So after that happened, and I've covered you for several years on this issue, you've been meeting with the president, you've met with senior staffers. Following that failure of the confirmation, did you get assurance from the White House that they were going to renominate someone? Is there a timeline for that renomination? What's the status on that?

>> Just a short history of my persistence on the EXIM Bank, I met with, then, President-elect Donald Trump before, in December, after the election, and had a chance to secure a commitment there that he really did want the bank up and running, went to another luncheon where I raised the bank again, and, again, received a confirmation. In fact, there's a series of stories coming out of that meeting where the president says, yes, I want the bank up and running. When the nomination failed, I was at the White House at another meeting, and I talked to Marc Short, and said, when can we expect another nominee? I think that at that point they realized they had to come up with another nominee, but we haven't secured that nominee yet. So I can appreciate there is a lot going on, whether it is trade negotiations with China, whether obviously very concerning about what's happening with North Korea, what's happening with Syria. So I think it's hard to get a lot of attention, at this point. But we have a bank that's on life support. I mean, if you think about it, \$44 billion, billion dollars of export credit waiting to be approved. If you translate that into jobs, it's about 250,000 jobs. We can show you thousands of jobs that have left this country in manufacturing because we don't have a credit agency, an export credit finance agency. So this is about American workers, and I think that's the point I really wanted to hammer home last night.

>> Did Marc Short say he was gonna renominate someone? Did he give you that assurance?

>> He said that we could expect someone fairly soon. And I'm not going to attribute motivation. I think that they are, in fact, looking for another person to nominate

>> Do you think that it's Vice President Mike Pence who's in the administration saying we don't want this? I'm just trying to figure out the dynamics of the--

>> I don't know. I mean, my point is I've had direct conversations with the president on this. I believe that he does want a fully functioning EXIM Bank. I've had conversations with people in the administration who admonished me to understand the politics of this whole issue. The problem that I have with the criticism is I tend to be somebody who looks at both sides. I think that's what I'm trained to do, to examine the range of options, and then, make a choice. For me, I don't see any logic to not having a fully functioning EXIM Bank. And just to put a fine point on it, China in one year spent more in their export financing through their agency than we've spent in the entire history of the EXIM Bank. This is unilateral disarmament, trade disarmament. If we want to change that balance of trade, if we want to really move this country forward in manufacturing, we've got to have this agency up and running and providing that kind of support.

>> See, I think that's an interesting point, and I want to get specifically to the U.S.-China relationship, particularly in wake of the back and forth we've seen on tariffs. But bring this home for me, because rural America is directly impacted by this, and I know that's a big issue in your state.

>> Well, obviously--

>> Because so much, not to ... Sorry, but just so much we hear about Boeing, and GE, and Caterpillar. We don't here about how it impacts those folks.

>> What I try and talk about is Boeing and Caterpillar, and the users of the EXIM Bank. You all have heard it, the Bank of Boeing. I say Boeing, functionally, is an assembler, and they have a supply chain that reaches completely across this country, from small businesses in Ohio. Ironically, one of the greatest states for supplying Boeing parts is Texas. Right? So we've got to explain, I think, a little bit better--

>> Senator Cruz, are you listening?

>> Yeah, well. I think we've got to explain in a common sense way the impact that this has on mom and pop businesses in my state, many of whom supply Boeing, many of whom are working with GE. They have that relationship. And when GE is forced to move their assembly or their manufacturing offshore because of the lack of export finance support, that affects small town America, that affects people all across this country. And that's happening. We know it's happening.

>> Unilateral disarmament is a term that you use with regards to this, the tariffs, particularly on China. Secretary Ross will be speaking later today here. What do you make currently, more broadly, of the current back and forth with China in response to what we've just seen from them, their economic minister announcing this week, I believe, a response to tariffs. What do you make of that?

>> I think it's really important. People are really hyper focused right now on the tariffs, and certainly in my state, because China has made it perfectly clear that they intend to retaliate against, particularly, soy beans, which is our largest cash crop right now in North Dakota. So I'm pushing back. I talked to the ambassador yesterday, Ambassador Lighthizer. I respect him. I think he's an incredibly accomplished trade negotiator. I don't share some of his views on bilaterals versus multilaterals. But with that said, I think it's really important that we not look at the Chinese tariffs in isolation. I think that we need to start with retracting or pulling out of TPP. That, to me, was not a future-looking decision. Obviously, the administration has an opportunity to maybe reenter and renegotiate. But that seems to one of those things that you hear one day it could happen, the next day it's not gonna happen.

>> Depending on the president's Twitter.

>> Well. So we go to TPP, and then, we start renegotiating NAFTA. Over 90% of the trade that North Dakota does is with Canada and Mexico. And then, we go to tariffs on washing machines and solar panels. Then, we go to tariffs on aluminum and steel, which is actually affecting North Dakota manufacturers. We manufacture heavy farm equipment and construction equipment. Now, you go to the threat in tariffs. And we need to remember they're not enacted yet. We're in a comment period. And I hope those of you who are going to be impacted by these tariffs are, in fact, reaching out and offering comment, because if we don't complain now, we don't have the right to complain later. But you have to look at this trade policy which is consistent, to the president's credit, with what he said during the election. It was predictable. My point is that on the place where we agree with the administration, which is a functioning EXIM Bank, let's at least get that apparatus, that trade apparatus enacted and moving forward. And beyond this, just to make the point, we're gonna move from this challenge to a reauthorization challenge next year. And how I got involved in the EXIM Bank was leading the reauthorization. So when we go to do the reauthorization, we won't have the argument that we had in the past, showing all these

credits and what it meant for American jobs, because we haven't done it. So when they talk about reform, one of the great ironies, I think, is that the reforms that we enacted in the reauthorization have not yet taken affect, because we don't have a quorum on the board of directors. So the reforms that everybody was pushing for are being stalled by the lack of quorum.

>> And they can't finance deals over 10 million, as a result. Following up on your, you said you spoke recently with Ambassador Lighthizer. What can you report back in terms of do you feel the administration is listening to the concerns of the agriculture industry? I know there are a ton of Republicans this week that have really just pressed Senator Rounds on Bloomberg earlier today, really pressing the agricultural perspective. Are they listening?

>> Oh, I think so. I think that they are hearing loud and clear the concerns. But understand, a lot of my concerns right now are not destabilizing the NAFTA. I mean, we sell barley into Mexico. We sell wheat into Canada. We sell farm equipment. When you're on a border state with Canada, you can expect there's a lot of trade. There's a lot of cross-border energy activity. We need NAFTA to be successful in North Dakota. So I'm focused not just on the Chinese tariffs, but I'm focused on completion of a NAFTA renegotiation. We've got challenges ahead, and the administration rightfully says, look, we aren't doing anything different than what we said we would do. But I think it is critically important that those of us who believe dire consequences will result if we don't resolve a lack of consistency in policy on trade, that we will, in fact, see generational challenges. When I talk to kids, it's interesting. I get a chance to talk to close-up kids come to the office or I'll do a high school. I start out almost every speech with a line. I say if you remember nothing else about what I said today, I want you to remember five, the number five. They kind of look at me, and I say why I tell you that is 95% of all the people in the world do not live in this country. We are 5% of global population, and when you're my age, it's gonna be less than three. Do you think, economically, our country can be successful if we're not thinking globally? Can we achieve economic dominance if we're not engaged? Now, we can talk about what that engagement is, and I'm sure the administration would say we are engaged, and we're just not gonna be taken advantage of. I agree with that. I've been critical in the past of trade agreements. But I think that we have to have a clearer, consistent commitment to global trade and our role in global trade, or we will not succeed economically. I think the trade disruption is the largest cloud on the horizon today for our economy.

>> Do you think Ambassador Lighthizer, based on your conversation with him, that they're gonna back off this agricultural stuff?

>> I think he's taking it under advisement. He's hoping that he will be able to negotiate something with the Chinese. Bob and I get on really well, because I think that if you look at I've dealt over a lot of years with trade negotiators and with ambassadors, and I've liked them all, but he clearly comes very qualified for this job. But he comes with an idea and an ideology that I don't share as it relates to bilaterals versus multilateral engagement. So we're in this soup. But think about China right now. China's thinking about how they're gonna react. They're gonna put pressure on agriculture, because, politically, that's smart for China, and they get American politics. But abandoning TPP has left huge opportunity in China for the region. And now, we have some challenges in Africa. So we've got to be very mindful. And I'm gonna put a pitch out to all of you, you have to be part of the awareness campaign of what this means. I think that people think that only large, American multinational corporations engage in trade. And the one thing we know from the EXIM Bank is that's not true. This room is full of small businesses. This room is full of moderate size manufacturing concerns who are deeply affected by this limitation that's been self-imposed on the EXIM Bank here in this country. I can scream from the top of the Capitol Dome. It's not gonna make any difference. I've been doing that for five years. Only when you join the chorus will we get a change.

>> See, this is what I find so fascinating. In preparation for this interview and in covering you, you are one of the few Democrats who engages one-on-one with President Trump. He recruited you for the Republican Party. Tell me that story, as this happened when you met with him.

>> I think, as I told the reporter, talking about issues like overregulation and trade, he just said, well, you sound like a Republican. Join the Republican Party.

>> And your response?

>> My response was give me the EXIM Bank. And he's got a wonderful sense of humor.

>> Would you join the Republican Party if he gave you the EXIM Bank? Would you?

>> That's an unfair question. I want the EXIM Bank because I think that it is important to manufacturing in my state. It is important to workers. I continually go back to those 250,000 jobs. The latest job report you saw some trending downward, and we don't know if that's gonna be a glitch or if we'll see some seasonal adjustment. We don't know what's gonna happen. But when you look at where we are right now, if we are gonna grow as an economy, if we're gonna reach the growth potential that I know that we can, we will only do it if we're exporting. If we're just moving money around this country, that's not new wealth creation. That's not bringing new wealth. Right now, ironically, '17 was the worst trade deficit year we've had with China. And I'm not somebody who spends a lot of time on trade deficits. I think it's important to pay attention and watch, but our trade deficit in comparison with the overall amount of our economy is a factoid that we all need to focus on when we're looking at trade deficits. But as we have focused on trying to harmonize our tax policy, we've got to have the institution of the EXIM Bank up and running to be competitive, not just with China, but with France, with Canada, with Mexico, with all of the other 82 countries that have a credit agency like this. The irony is it hasn't cost the taxpayers a dime. In fact, it's paid dividends to the taxpayers. And so, there's no-- Right? There's no economic logic. The only impediment is ideology. And Ideology frustrates me when it comes in the face of that persistent nagging problem called facts.

>> I hear that a lot these days. You've been someone, especially now you're in a reelection fight in 2018, who really has approached, in your rhetoric and in your communicative speeches, someone who has really tried to be pragmatic in terms of how you're communicating. Is it ideology on the left, as well, that you struggle with sometimes?

>> Well, the other person who has been persistently against the EXIM Bank has been Bernie Sanders. Coney capitalism, I guess, is the phrase. But a good example of--

>> Well, what's your response to Senator Sanders?

>> Well, I win with 70%. So as long as I think that we can continue to build support within a critical mass of people, they're all entitled to their opinion. Probably the best example of pragmatic responses has been what we call 2155, which is the bank reform bill that I just did with Senator Crapo, Senator Warner, Donnelly, and Tester, which is now pending over in the House with Congressman and Chairman Jeb Hensarling. There was a lot of discussion and a lot of pushback on us from the left. My point is if you want to make sure that these institutions at the top don't get bigger and bigger, and bigger, don't stymie the competition. They have the benefit of economies of scale in compliance burdens and costs. My Lincoln State Bank in Hankinson, North Dakota does not, and they're gonna retract from the market as a result of it, leaving those credits to the largest institutions. So, to me, it's like here's the economic reality. When a small institution can't compete because they are being overly burdened by regulation, that is only gonna result in greater concentration, which they don't like. So it's counterintuitive, I think, sometimes, for us to talk about economics, because, to me, I still go back to Economics 101 in terms of the principles I look at.

>> Final question for you on that point. Because on the issue of banking relief, which we still don't know when the House is gonna vote on it, a bipartisan bill, people like Senator Sanders, as you mentioned, Senator Elizabeth Warren, they criticized heavily the Democrats who supported that banking bill. And they used a lot of tough rhetoric, Senator, saying you're supporting big banks and whatnot. Is that problematic to the Democratic Party,

especially in a midterm year?

>> You know what? I think that when we expect political parties to walk in lockstep, we get the gridlock that we have now. And I think any kind of dialogue, people are entitled to their opinion. They represent their state. I'm entitled to my opinion, and it's my job to persuade 50, 60 members of Congress that I'm right and they're wrong. That's what we did. I mean, to me, it's all about the process. I don't criticize anyone for what they're thinking or where they're headed with any of this. But what I do is I try and correct the record, make the case, do my advocacy. And many times when you do that, whether, for me, it was opening up oil exports to the production that we do in the lower 48 to exportation. Whether it's looking at carbon capture sequestration, which would benefit not only coal companies, but other industrial facilities, but also create technology that's gonna lead to reducing carbon emissions in this country. Whether it's looking at a bank regulatory bill that can balance the interests of small, and keep the regulation of the largest institutions intact. That's all win-win. When we lead with facts, and we lead with advocacy on those facts, you can win still in Washington. So I turn out the noise that criticizes on either side and say, I better just keep walking through that, because I got a goal to do, and the goal is policy. It's not a political debate. The goal is to get a policy that's gonna move the country forward. That's how I feel about the EXIM Bank. There is no good reason not to get a quorum. There's no good reason not to authorize and to continue this export finance agency. And when China says we're going to unravel our export finance agency, I will be first in line saying the time has come to unravel the EXIM Bank.

>> Senator Heidi Heitkamp, a conversation.

>> So, thank you.

>> Thank you.

>> Thank you.

>> Thank you.