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CLAIM: Trade rep Ron Kirk says U.S. is on pace to meet goal of doubling exports by 2014

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Former Dallas mayor Ron Kirk, now President Barack Obama's point man on trade, has offered an exciting bit of news in recent speeches: The administration is "well on pace" to meet its goal of doubling exports in five years.

Texas is America's top exporting state, with a lot to gain from achieving that target. We wondered whether U.S. Trade Rep. Kirk was correct when he told a Washington audience on April 28: "We are getting results. Our exports ... were up 17 percent last year. We're well on pace to meeting that goal."

Here's what we learned from our fact check. As Kirk stated, U.S. exports grew 17 percent in 2010. That's slightly ahead of the pace - 15 percent a year - needed to achieve the goal of the National Export Initiative.

But after digging a little further, we found that economists have questioned the terms on which Kirk and the Obama administration measure their progress.

Inflation-adjusted data changes the outlook

Economists say the most accurate way to measure changes in exports over time is in "real" - or inflation-adjusted - terms. This measurement strips out the impact of rising prices and tells you whether a country is actually selling more stuff to its trading partners.

But the administration didn't adjust the export data for inflation. As it stated in a September 2010 report on the NEI, the goal was to double U.S. exports from \$1.57 trillion in 2009 to \$3.14 trillion in 2014 - no inflation adjustment required.

In a report issued in February, Wells Fargo Securities suggested the administration should use "real" exports, because the inflation-adjusted data tends to "be more highly correlated" with job growth - which is the aim of the Obama policy, after all.

Adjusted for inflation, that 17 percent becomes 12 percent - "a solid number to be sure, but not quite strong enough" to be on pace with the goal, Wells Fargo analysts wrote.

The difference is pretty clear: Adjusting exports growth for inflation makes Obama's goal more difficult to achieve.

Experts don't expect a repeat of last year

Daniel Griswold, director of trade policy studies at the Cato Institute, underscored this point in a recent column in The Washington Times. Griswold said last year's rebound in exports was to be expected after a year when U.S. exports

dropped precipitously because of the recession.

The 12 percent gain in real exports constituted a recovery from the 10 percent drop in 2009, said Howard F. Rosen, visiting fellow at the Peterson Institute for International Economics.

"You would expect a bump because of the recovery of the world economy, rather than anything special we are doing at home," said Rosen.

Rosen, Griswold and the Wells Fargo analysts all said it would be difficult to keep up last year's export pace. Even using "nominal" terms - or not adjusted for inflation, the administration's benchmark - export growth averaged 12 percent between 2004 and 2008, Rosen said.

Measured in "real" terms, export growth started to decline in the first quarter of 2011. Real exports increased 4.9 percent in the first quarter, compared to 8.6 percent in the fourth quarter of 2010, according to the Commerce Department.

"I predict the administration won't be saying that exports are on track for much longer," Griswold said.

Too much credit for Kirk, administration?

We checked with Kirk's spokeswoman to ask about this criticism. Carol Guthrie said the administration chose to use nominal dollars so it could work toward "a specific dollar value to be reached by the end of 2014." She said such targets - for future mortgage payments, corporate profits and other estimates - are not adjusted for inflation.

Guthrie said Kirk's statement was "absolutely accurate."

"So far, we continue to be on track to reach or exceed the NEI's ambitious goal," Guthrie wrote in an email.

Time will tell whether the administration meets that goal, which is a worthy objective. But we think Kirk and the administration have taken a little too much credit for the export jump in 2010, because such gains are expected as an economy rebounds from a huge recession.

Griswold and Wells Fargo point out another caveat: The White House chose a benchmark that makes success easier to achieve, a move that was probably intentional.

As Kirk stated during the April 28 speech: "We knew this was something we could do."

BOTTOM LINE: Kirk is correct based on the White House's benchmark for success. But economists question whether the administration deserves credit for the gains, and how it chose to calculate export growth.

OUR SOURCES: "Can America Double Its Exports in Five Years?", Wells Fargo Securities; interview with Daniel Griswold, Cato Institute; interview with Howard F. Rosen, Peterson Institute for International Economics; interview with Carol Guthrie, Office of the U.S. Trade Representative; "Progress Report on the National Export Initiative," The White House.

Dave Michaels has covered business, politics and policy from Dallas, Austin and Washington, D.C. His weekly Fact Check column aims to impartially assess the week's most important claims and quotations. Please send thoughts, ideas or comments to dmichaels@dallasnews.com

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