



Economists Review President's Plan to Double Exports

By Jory Heckman - Friday, October 12, 2012

President Barack Obama reminded viewers at last week's presidential debate of his plan to double U.S. exports during by 2015. The question remains, however: What is the country exporting, and where is it going?

Washington, D.C. - infoZine - Scripps Howard Foundation Wire - "We signed three trade deals into law that are helping us to double our exports and sell more American products around the world," Obama said Oct. 3 at the University of Denver.

Lauren Airey, director of trade facilitation policy at the National Association of Manufacturers, said the United States exported a record \$1.48 trillion worth of goods in 2011.

The top export for the U.S. is transportation equipment - aerospace parts, motor vehicles and parts, and ships and boats – and is worth \$217 billion, Airey said.

Other leading exports include computers and electronics, worth \$201 billion, and chemicals, worth \$197 billion.

Airey said most U.S. exports are sent to Canada (19 percent), Mexico (13 percent), China (7 percent), Japan (4.5 percent) and the United Kingdom (3.8 percent).

The data reflect the U.S.'s focus on producing highly specialized and technical goods – which is where the country should be focusing its attention, according to a panel of economists at the Heritage Foundation, a conservative think tank.

"Fifty-eight percent of our import value last year was intermediate goods. Those are the purchases of producers," Daniel Ikenson, director of the Herbert A. Stiefel Center for Trade Policy Studies at the Cato Institute.

While the U.S. exports goods that require advanced science and technology skills, Derek Scissors, senior research fellow in Asia economics at the Heritage Foundation, said the country imports items, such as clothes and toys, that can be made by unskilled labor.

"There's a lot of jokes about all your toys are made in China, and everyone's wearing clothes that are made in China," Scissors said. "Both parties seem to like to bash China, especially right now."

At the debate and on the campaign trail, Mitt Romney has called for a policy that would “crack down on China if and when they cheat.”

Ikenson said Romney’s platform could backfire in swing states like Ohio.

“They’re doing well,” Ikenson said, citing Ohio’s lower unemployment rate – 7.2 percent – than the national rate of 7.8 percent. “Their fastest-growing export market is China. Why do you want to bash China in Ohio?” Ikenson said.

More than 18 percent of imports to the U.S. come from China.

Scissors said China has been used as a scapegoat during the election because of its size.

“There’s visibility here. China’s trade policy is far from perfect, but there are countries that are worse, but they’re not as big,” Scissors said. “You can’t say it’s all Belgium’s fault.”

Scissors, the co-author of a Heritage paper on U.S. imports, said goods imported from China helped create 576,000 jobs in the U.S. with an average salary of \$60,000 a year.

Edward Gresser, director of the ProgressiveEconomy Project at the GlobalWorks Foundation, outlined where imports help create jobs.

“You have boxes of clothes and toys. They come into a port where someone operating a crane picks them up and puts them on a truck. Someone’s driving a truck to a store, you need more people to unload it and bring it into a store. If there’s a whole lot, they have to build another store. Then you have people that are in stocking and sales,” Gresser said. “Those are really direct and clear effects of a greater flow of boxes coming into the country.”

Scissors said the public – and the president – should think of economic growth as more than manufacturing jobs.

“We have an argument that manufacturing jobs are better – that we should have manufacturing jobs and should export those goods because then we’re making things,” Scissors said, “but is a manufacturing job automatically better than a sales job if the compensation is the same or better?”

According to the Bureau of Labor Statistics, as of May 2011 a worker in manufacturing and production earns an average of \$34,220 a year, and a tractor-trailer driver earns an average of \$39,830 a year. The average retail salesperson, by contrast, earns \$25,130 a year.

Scissors said increasing exports means investing in the U.S.'s faltering manufacturing industry and hoping for positive results. The infrastructure for imports jobs, he said, is already there.

"Exports could create these jobs, and we have nothing against trade surpluses. This is not an argument that exports are bad, or trade surpluses are bad. This is an argument that imports are also good and trade deficits are fine," Scissors said.

Stephen MacDonald, an economist for the United States Department of Agriculture, said the country remains an important player in the world's food supply.

"The U.S. has consistently accounted for 10 percent of world trade in recent years," MacDonald said in a telephone interview. The U.S. is followed by the Netherlands, Germany and Brazil.

From October 2011 to July, the United States exported \$27 billion in grain and feeds, a decrease of 12 percent from last year. The exports included \$16 billion in soybeans, a decrease of 11 percent, \$10 billion in red meat, an increase of 12 percent, and \$9.8 billion in corn, a decrease of 9 percent.