Bush plans to cut lag in data reports

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WASHINGTON • Economists and local international business experts said President Bush's proposal to make the monthly trade report and other economic data more timely could help soften future recessions and allow businesses involved in trade to better predict demand.

"For places like Florida," said Commerce Department spokesman Jim Plante, "it will give business people as well as government leaders an ability to get a better and quicker [feel for] where things stand in terms of international trade."

Under the president's budget plans, the time lag for the monthly trade report would be decreased to 30 days from the current 50 days.

"Anybody who looks at broad economic trends in how to plan their business, how to plan expansion, how to plan acquisition, is reliant on these statistics," said Richard Berner, Morgan Stanley's managing director and chief U.S. economist.

"Those data are extremely important for both U.S. importers and exporters to see what the rhythm of demand looks like."

The more timely the information is, the more exporters can judge where to position themselves and track trends of exports to different regions, said Rachel Dodson, international trade specialist at the Miami U.S. Export Assistance Center. "Especially this year, things have been changing so fast in the economy and it has affected exporters here."

Berner asked for an increase of about $9 million, or 18 percent, to the budget of the Commerce Department's Bureau of Economic Analysis to go toward upgrading statistical processing systems and making economic data from the Census Bureau and the Commerce Department more up-to-date.

"It really shouldn't be as manual of a process as it is now," said Laura Kozloski, a faculty member in the College of Business Administration at Florida International University.

The most significant impact could be that more foreign trade data could be included in estimates of the gross domestic product.

"Alan Greenspan will just have a larger basket of data to use to measure the health of the economy," to make better decisions on monetary policy such as interest rates, Kozloski said.

An example is the current economic downturn, said Lynn Reaser, chief economist and senior market strategist for Banc of America Capital Management. By late 2000, "the economy had started to slow dramatically and yet policymakers were not apprised of that slowdown until early 2001."

The improvements in Bush's budget plan would also mean GDP data divided annually by industry would be accelerated by 7 months and metropolitan area personal income estimates would come 8 months more quickly. However, if the additional funds are approved, the changes would likely not take effect before fiscal year 2003 for the GDP-industry accounts or 2004 for the trade report and personal income data.

"We have a statistical infrastructure that was set up in the industrial world for an information age economy," said Berner, a past president of the National Association for Business Economics, which lobbied for the changes. "For a U.S. economy that's increasingly connected to the rest of the world through global supply chains and with the globalization of production, that [trade] report becomes an increasingly important piece of the puzzle in trying to figure out where our economy is."

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