

# WebMemo



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## Free Trade: Media Should Include Facts with Opinion Polls

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A recent article in *The Wall Street Journal* reports that support for free trade is slipping among Republicans: “By a nearly two-to-one margin, Republican voters believe free trade is bad for the U.S. economy, a shift in opinion that mirrors Democratic views and suggests trade deals could face high hurdles under a new president.” It also says that “six in 10 Republicans in the poll agreed with a statement that free trade has been bad for the U.S.”<sup>1</sup>

While such polling may be useful in stoking Washington’s highly charged political debate on free trade, news outlets have a responsibility to report the facts along with people’s opinions. As a matter of fact, free trade is good for the U.S. economy: It improves growth, helps more people than it hurts, and produces benefits that flow to all segments of society.

**Why Free Trade Is Good.** The role of free trade in shaping America as the world’s dominant economic power is undeniable. Trade liberalization promotes the efficient use of resources—shifting labor and capital from less competitive industries to those with greater economic potential. Free trade bolsters investment, innovation, productivity, long-term economic growth, and job creation. Free trade has also raised living standards by providing access to a wider variety of goods at lower prices. In fact, free trade has contributed an additional \$10,000 per year of purchasing power to the typical American household of four.<sup>2</sup>

It’s true that not all firms exposed to the rigor of international competition are able to adapt or even survive, leading to some U.S. job losses. However,

the number of workers hurt by foreign competition is a relatively small share of the total number of workers displaced each year in the normal operation of America’s dynamic economy. In fact, improvements in technology and productivity play a far greater role in restructuring the U.S. labor force than free trade.

Growing at an average rate of 3.2 percent a year in 2003–2005 and 3.3 percent in 2006, the U.S. economy is expanding fast enough to create new opportunities for those adversely affected by increased international competition.<sup>3</sup> The U.S. economy is operating at full employment and creating new jobs to replace those that are lost for any reason. The most recent jobs report revealed that more than 8 million jobs have been created since August 2003, with 110,000 jobs created in September alone.<sup>4</sup> September was the 49th consecutive month for job growth, setting a record for the longest uninterrupted expansion of the U.S. labor market. In addition, exports increased by nearly 15 percent over the 12 months ending in July, which reduced the trade deficit by more than \$8 billion.<sup>5</sup>

**Why Facts Are Important.** Demagogues and tyrants around the world—not just a few politicians here in the United States—make a living out of con-

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[www.heritage.org/Research/Economy/wm1670.cfm](http://www.heritage.org/Research/Economy/wm1670.cfm)

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vincing people that the sky is falling. The essence of statesmanship in a democratic society is just the opposite: helping people understand the facts and proposing real solutions to real problems.

Presidents Bill Clinton and George W. Bush have both been staunch supporters of free trade, looking—as perhaps a President can best do—at the totality of the U.S. economy and the costs and benefits of trade for our population as a whole. Members of Congress, on the other hand, are more susceptible to the pressures of special interests. In the trade debate, concentrated interests representing the relatively few people hurt by free trade often outweigh the larger but more diffuse masses who benefit from lower prices and greater choice in an open economy.

Stories that report only people's opinions, without reference to the underlying facts, can distort the public's understanding of what is really happening in an economy, even to the point of becoming self-fulfilling prophecies. It is even worse when polls are carelessly designed or reported.

The *Journal*/NBC News poll asked respondents to choose between two statements: (1) Foreign trade has been good for the U.S. economy, because demand for U.S. products abroad has resulted in economic growth and jobs for Americans here at home and provided more choices for consumers<sup>6</sup>;

and (2) Foreign trade has been bad for the U.S. economy, because imports from abroad have reduced demand for American-made goods, cost jobs here at home, and produced potentially unsafe products.<sup>7</sup> Thirty-two percent chose the first statement, while 59 percent picked the second.

Presenting these statements as mutually exclusive interpretations of reality is highly misleading. In fact, both statements contain elements of truth. But, on balance, free trade yields far greater benefits than costs when considering the economy as a whole.

**Conclusion.** Including a factual context along with the opinion poll helps readers to understand not only what people are thinking, but also the extent to which their thinking corresponds to reality. As *Journal* editor Paul Gigot wrote in the *2007 Index of Economic Freedom*, co-published by The Heritage Foundation, "There are no permanent victories in politics or economics, which is one reason that this *Index* exists to chronicle annual progress or regression." Gigot adds that experts have a responsibility "to remind forgetful politicians of the benefits of economic freedom." That responsibility extends to educating the voters who elect those politicians.

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1. John Harwood, "Republicans Grow Skeptical On Free Trade," *The Wall Street Journal*, October 4, 2007.
2. *2007 Economic Report of the President* at [www.gpoaccess.gov/eop/index.html](http://www.gpoaccess.gov/eop/index.html) (October 4, 2007).
3. The Economist Intelligence Unit, "Country Profile 2007: United States of America," at [www.eiu.com/index.asp?layout=displayIssueTOC&issue\\_id=1272362712&publication\\_id=1870000787](http://www.eiu.com/index.asp?layout=displayIssueTOC&issue_id=1272362712&publication_id=1870000787) (October 4, 2007).
4. The U.S. Bureau of Labor, "The Employment Situation Summary: September 2007," at [www.bls.gov/news.release/empsit.nr0.htm](http://www.bls.gov/news.release/empsit.nr0.htm) (October 4, 2007).
5. White House Office of the Press Secretary, "Fact Sheet: September 2007 Marks Record 49th Consecutive Month of Job Growth," October 5, 2007.
6. John Harwood, "Republicans Grow Skeptical On Free Trade," *The Wall Street Journal*, October 4, 2007.
7. *Ibid.*