

# Media Should Report Facts

## — *Not Just Opinion Polls* —

### About Free Trade

By Terry Miller

A recent article in the *Wall Street Journal* reports: “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.”

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 stan-

dards 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.

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.

With annual growth rates of 3.2 percent from 2003 to 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. 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. 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.

## 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 convincing 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; 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. 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.

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## CONCLUSION

Including a factual context along with an opinion poll helps readers to understand not only what people are thinking, but also the extent to which their thinking corresponds to reality. As Paul Gigot, editor of the *Wall Street Journal*, wrote in the *2007 Index of Economic Freedom*, co-published with 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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