



# SPECIAL REPORT

## AN IN-DEPTH STUDY, ANALYSIS OR REVIEW EXPLORING THE MEDIA

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August 23, 2005

# Trade Secrets

## 'Lou Dobbs Tonight' Hides Good News Behind Negative View of Free Market

### EXECUTIVE SUMMARY

Critics have complained that CNN's "Lou Dobbs Tonight" is a seamless rant against big business and free trade. The network in turn has promoted a premier news and business program as "news, debate and opinion." But it doesn't explain that Dobbs mixes the three into something that isn't news and economists and critics say isn't even always accurate.

As a result, viewers of "the Dan Rather of financial journalism," as one conservative critic called Dobbs, are missing the real story behind the American economic engine – free trade. Despite overwhelming evidence to the contrary, 94 percent of the show's stories about trade over a four-month period blamed free trade for horrors ranging from "destroying" the U.S. middle class to leaving a "legacy of environmental degradation, lost jobs, and increased illegal immigration." A defense of free trade never received a fair hearing. The Media Research Center's Free Market Project studied 69 news reports from all 86 broadcasts of "Lou Dobbs Tonight" between March 1 and June 30, 2005. The stories chosen for the study focused on free trade and job relocation. The findings include:

- **Trade Pact Passed Congress, But Not Dobbs:** The recently-passed Central American Free Trade Agreement never received even neutral consideration on "Lou Dobbs Tonight." Seventeen separate free-trade stories were devoted to hammering CAFTA relentlessly. None of them took a positive or even neutral view of the treaty.

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*For more information or set up an interview, contact Tim Scheiderer at 703-683-5004 ext. 126*

- **‘So-Called’ News:** Dobbs openly flaunted his feelings on the subject, using the phrase “so-called free trade” at least 34 times. In a recent broadcast, Dobbs corrected himself when he mentioned “free trade” without labeling it “so-called.” The man his network says “helped CNN become the leader in television business journalism” does one-sided news on a regular basis.
- **Breaking China:** The July 22, 2005, Wall Street Journal noted that “China-bashing has become a favorite sport in Washington...” The same can be said for “Lou Dobbs Tonight.” The program devoted 33 stories to China during the four-month time period. Of those, 89 percent (29 stories) criticized American trade with China, a top trading partner, and hammered China for everything from destroying the American textile industry to currency manipulation. None of the stories gave the other side of the China question.
- **The Outsourcing Source:** Lou Dobbs continues to be one of the leading voices against outsourcing American jobs. He’s even written a book about companies that are “Exporting America,” but he only told half the story. He left out the 5.4 million insourced jobs that pay, on average, more than the typical American job. Of the 69 stories studied, 43 percent (30 stories) focused on the “perils” of outsourcing. Of those 30 stories, only one mentioned insourced jobs – and that twisted the facts to criticize U.S. trade policy. What's more, Dobbs has a newsletter, the Lou Dobbs Money Letter, that promoted eight of the companies he criticized on his Web site.
- **United He Stands:** Instead of a news and business show, “Lou Dobbs Tonight” often sounded like a meeting at a union hall. Stories bashed business executives and relied on the unions' protectionist view of trade. Of 51 trade-related stories, 43 percent (22 stories) solicited input from one of 11 different union groups. In 2004, Dobbs received The Man of the Year Award from a “worker advocacy group demanding that U.S. jobs be preserved first and foremost for American citizens.”
- **Unbalanced Trade Account:** Dobbs blamed the trade deficit for “literally choking economic growth” but the numbers don’t bear that out. According to the Cato Institute, GDP actually grows more quickly when the trade deficit is “worsening.” That’s because imports raise the standard of living for American workers and provide cheap products for industry and consumers. This foreign capital feeds our growing economy.

The report also includes five recommendations for improved business coverage. Those recommendations include: Give free trade a fair hearing; Separate news from commentary; Don’t be selective with facts; Stop harping on the trade deficit; and Find and utilize free market experts.

August 23, 2005

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## 'Lou Dobbs Tonight' Hides Good News Behind Negative View of Free Market

BY CHARLES SIMPSON  
RESEARCH ANALYST

CNN promotes "Lou Dobbs Tonight" as "news, debate and opinion." But it doesn't explain that Dobbs defines those words his own unique way. "News" is often economic distortions presented as fact. "Debate" doesn't always mean that both sides get to comment. And, for Dobbs, opinion is something injected into every aspect of a news report.

Dobbs heads an hour-long news and "business" show that assaults business, rails against free trade and relies on union members to paint a dreary economic picture. Yet the network that advertises itself as "CNN - The most trusted name in news" claims Dobbs "helped CNN become the leader in television business journalism."

Dobbs, dubbed "the Dan Rather of financial journalism" by Daniel Griswold, director of the Cato Institute's Center for Trade Policy Studies, has roused numerous critics with his skewed view of the news. But what's more, opponents argue that one of the foremost names in TV business news is often simply wrong. As a result, his viewers are missing the real story behind free trade.

Despite overwhelming evidence to the contrary, 94 percent of the show's stories about trade over a four-month period blamed elements of free trade for "destroying" the U. S. middle class and leaving a "legacy of environmental degradation, lost jobs, and increased illegal immigration."



The Media Research Center's Free Market Project studied 69 news reports from 86 broadcasts of "Lou Dobbs Tonight" between March 1 and June 30, 2005. The stories chosen for the study focused on free trade and outsourcing. The findings were staggering. Dobbs disregarded economic fundamentals on a daily basis.

Whether the topic was outsourcing, international trade or labor, the show's coverage was openly biased against free trade. For example, out of 30 stories discussing the relocation of American jobs, 29 were about outsourcing and only one mentioned the insourcing of job opportunities from other countries. That sole instance of good news was used as a *criticism* of U.S. trade policy.

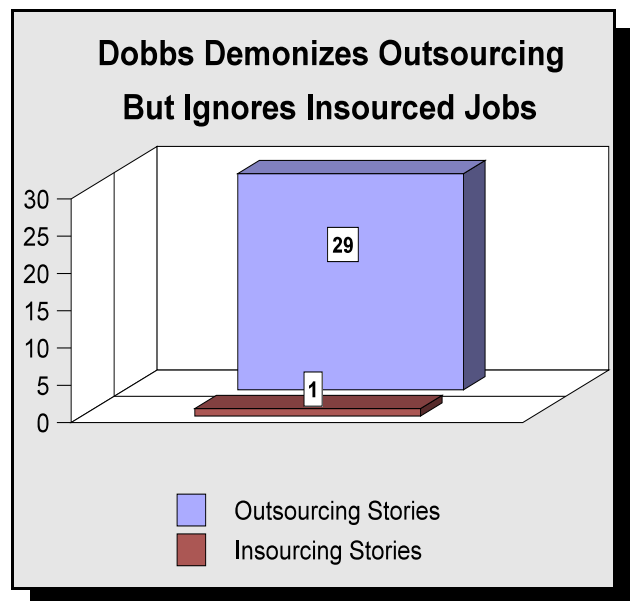
That negative approach was commonplace. A typical "Lou Dobbs" broadcast began with several news reports followed by a debate segment. Rather than addressing a broad spectrum of business topics, the show reiterated a steady stream of trade-related complaints. The stories were woven so tightly together that it was often difficult to tell one from another. And if a story didn't give Dobbs the chance to blast free trade, he frequently tossed in a comment anyway.

The Dobbs method so frustrated the National Association of Manufacturers that it launched a blog about the show called "Dobbs Watch." According to the Aug. 1 Washington Post, NAM's Senior Vice President Pat Cleary "says that Dobbs 'is wrong about trade' and that 'his message runs counter to ours in such a persistent and fundamental way that I thought it was time to talk about that.'"

As the Associated Press put it in April 9, 2004, "Lou Dobbs is a newsman on a mission. Or, as detractors would have it, he's a 'raving' trade protectionist, a ratings hound, or possibly suffering 'some sort of intellectual midlife crisis.'"

## Who Is Lou Dobbs?

By any measure, Lou Dobbs has had a remarkable journalistic career. It began with a degree in economics at Harvard University and has taken him to high-level jobs at CNN and the anchor's chair at a show named after him. He hosts a national radio program broadcast on more than 700 stations. Along the way, he helped engineer the formation of CNNfN and manned the anchor desk for "Lou Dobbs Moneyline" before leaving to organize Space.com in 1999.



According to his bio at CNN, Dobbs “was instrumental in making Moneyline the most prestigious business news program in history.” After a two-year hiatus, he returned to CNN in 2001. Ratings from the beginning of August 2005, posted on mediabistro.com, show Dobbs reached 422,000 viewers – less than one third of the 1,349,000 watching Fox News’s “Special Report with Brit Hume.”

Dobbs has won several journalism awards, including the George Foster Peabody Award for his coverage of the 1987 stock market crash, and was given the Luminary Award by the Business Journalism Review.

But he’s also been rewarded for openly taking a stand against free trade. In 2004, Dobbs received The Man of the Year Award from The Organization for the Rights of American Workers, a “worker advocacy group demanding that U.S. jobs be preserved first and foremost for American citizens.”

A quick glance at the CNN Web pages devoted to Dobbs reveals a great deal. The site takes an anti-corporate tone, including a “list of companies exporting jobs” and a “corporate crime watch.”

His list of favorite links includes an AFL-CIO site complaining about globalization and job losses, a site advocating a “low-immigration vision which seeks fewer immigrants” and another organization “concerned about the impact of ‘globalization’ on American society and independence.”

“Is our government people in trade with complete and utter idiots? The pain is palpable, the evidence is absolute. It’s staring everyone in the face.”

– Lou Dobbs  
“Lou Dobbs Tonight,” March 11, 2005

No. 1 on the list of “Lou’s favorite destinations” is the Lou Dobbs Money Letter. This monthly investment advice publication costs \$189 for a two-year subscription. The newsletter quoted Dobbs saying, “Everybody knows how much I love business and how much faith I have in our free markets and capitalist system. America was built on this system, and it continues to make America the most business-oriented country in the world.”

Dobbs’s newsletter statement directly conflicted with what he said on his show. In June 2004, the Columbia Journalism Review did an analysis of the 14 companies recommended by his newsletter since it began in 2003. Dobbs declared these firms “doing good business with good people.” Out of those 14, “eight appear on his CNN Web site as companies that outsource jobs,” according to CJR’s Zachary Roth.

## Free Trade Is Fair Trade

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Free trade is a cornerstone of the free market, as well as the Bush administration's economic policy. On June 1, 2004, former U.S. Trade Representative Robert Zoellick signed the Central American Free Trade Agreement. CAFTA was designed to reduce foreign tariffs on U.S. exports to Central America and eliminate most of the other trade barriers between the two regions. According to the Cato Institute, CAFTA countries are our "13th largest trading partner, and our 2nd largest export market in Latin America." Essentially, CAFTA would open the door for free trade and bolster the economies of both parties.

Yet, 92 percent of the trade-related stories (47 out of 51) airing on "Lou Dobbs Tonight" ignored the benefits of free trade and the potential gains of CAFTA. Instead, Dobbs obsessed over "idiotic free trade policies" and wondered why "can't anyone look and see that China is creating a middle class on the basis of manufacturing, while these idiot policies are destroying ours?" He even smugly referred to the notion as "so-called free trade" at least 34 times.

## CAFTA

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Lou Dobbs relied on his preconceived notions of "so-called free trade" to distort the debate around CAFTA. Focusing on the red herrings of trade deficits and the "export of American jobs to cheap overseas labor markets," 17 of the 51 free-trade stories (33 percent) addressed CAFTA and were devoted to relentlessly hammering the trade agreement. None of those 17 stories took a positive or neutral view toward CAFTA.

## What is 'Smart Trade?'

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The March 10, 2005, broadcast offered interesting insight into Lou Dobbs's confused goals for U.S. trade policy. At the end of a Christine Romans report on the flood of cheap Chinese imports in the wake of expired quotas, Dobbs said:

"China clearly will be dominating the world market. But the first concern is for this country and the middle class working people who are being absolutely put upon by these idiotic free trade policies. Why in the world can't anyone look and see that China is creating a middle class on the basis of manufacturing, while these idiotic policies are destroying ours?"

Christine Romans chimed in, "There is free trade, there's fair trade. What about smart trade? China is doing smart trade, building this middle class while we sit by and watch our middle class deteriorate."

Defining "smart trade" has been a difficult endeavor for the Lou Dobbs crew. While it's obvious that they stridently oppose free trade, they can't even agree on what type of trade policy they support.

In the conclusion of an April 29, 2005 broadcast, Lucia Newman warned that "in five years, China could replace the United States as the region's [Latin America] number one trading partner, an economic conquest of the Americas that's setting off alarm bells in Washington. Which until now seems to have taken its southern neighbors for granted."

Contrast that statement with a report just weeks later. On the May 10 broadcast, Lou Dobbs and Christine Romans shared an interesting exchange. At the end of her report, Dobbs said, "I think it's fascinating, in the U.S. – in the Wall Street Journal today Mr. Portman, our new trade czar, saying that we need CAFTA because it will make us more capable of competing with China, which is some of the most tortured reasoning I have seen in some time."

Romans replied, "You want to take on China, take on China. Don't do it through Honduras, Mexico, the Dominican Republic. That's what these people [union representatives from WASHTECH and SPEEA] would say."

Dobbs failed to recognize that "tortured reasoning" from his own show, just weeks before.

An April 13 report was indicative of the kind of dismissive treatment CAFTA received.

Dobbs introduced Lisa Sylvester's report by claiming, "A rising number of lawmakers are now expressing concern about the high cost of what they've been told would be free trade and the exports of American jobs to cheap overseas labor markets."

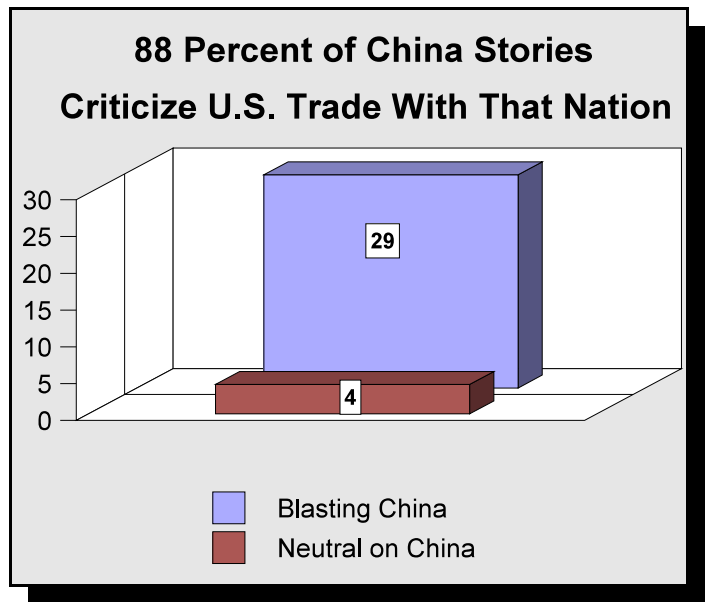
Sylvester then stated: "The Central American Free Trade Agreement is running into so much opposition it may have a hard time even getting out of the Senate Finance Committee. Growing concerns: the U.S. trade deficit and the record under the North American Free Trade Agreement." Sylvester then showed footage of committee members complaining that "we lost a million jobs since NAFTA" and criticizing the \$45 billion trade deficit with Mexico.

But on June 29, CAFTA passed the Senate Finance Committee with relative ease on a voice vote with only Sen. Craig Thomas (R-Wyo.) voting "no." Less than a month later, Congress ratified the agreement. Bad predictions aside, this report took it for granted that trade deficits are undesirable and that the economy has hemorrhaged jobs in the wake of NAFTA, neither of which is true.

Another story airing March 1, reported from the same template. After Dobbs warned that "many lawmakers are now wary from NAFTA and our exploding trade deficits," Lisa Sylvester stated, "Lawmakers can point to a 10-year record on NAFTA, the North American Free Trade Agreement. Hundreds of thousands of jobs lost, and a record \$618 billion trade deficit. The exporting of American jobs has also made it harder for many Republicans to support the trade deal."

Ernest Baynard of Americans for Fair Trade, a CAFTA-opposition group made up of organized labor, agricultural, and manufacturing groups, was then quoted saying, "I think NAFTA has a very negative legacy, and a history of failed promises."

In addition to the tired and inaccurate template, CAFTA was also cast as a David vs. Goliath type battle. In a May 12, broadcast, Dobbs claimed, "However, CAFTA is facing rising opposition in Congress because of large part - small but vocal groups of protesters all over the country are making their views known."



In the corresponding report, Casey Wian said, "From Miami to Albuquerque, protesters are taking to the streets to oppose the Central American Free Trade Agreement. This week they have been shadowing a 10-city CAFTA U.S. promotional tour featuring Central American presidents, and sponsored by major U.S. corporations such as Citigroup and Coca-Cola. Scores of grass roots groups from across the political spectrum have mobilized to fight CAFTA saying it will destroy jobs in Central America and the United States."

**Tell the whole truth:** Dobbs and Wian distorted the political debate behind CAFTA by casting it as a bout between corporations and the little guy. Many well-funded groups have fought the trade agreement. As this study shows, several of them were given a platform on Dobbs's show. Union groups like the AFL-CIO and UNITE HERE, the League of United Latin American Citizens, and even powerful lobbies like sugar and textile industries are but a few.

In reality, CAFTA would level the "playing field" for American manufacturers. Central American countries have enjoyed one-way free access to the U.S. markets for decades through tariffs and quotas. CAFTA would remove those barriers to make trade freer and fairer. It's also important to note that, according to the Cato Institute, "nations open to trade tend to grow faster and achieve higher incomes." In the process, this growth and wealth promotes better labor and environmental standards. Free trade agreements like CAFTA are a "race to the top."

## Lou's Personal Trade Imbalance



1. "Why in the world can't anyone look and see that China is creating a middle class on the basis of manufacturing, while these idiotic policies are destroying ours?" Lou Dobbs, March 10, 2005. According to the Heritage Foundation, from 1993 to 2003, "idiotic policies" like NAFTA shepherded "18 million new jobs, grew [GDP] by 38 percent, and increased exports to Mexico and Canada from \$134.3 billion to \$250.6 billion. U.S. manufacturing output rose 41 percent."
2. "Tonight it is important to note that in this country we still do not have the same number of jobs that we had five years ago. Part of the reason is that we are exporting jobs and we are importing labor," Lou Dobbs, March 28, 2005. Not so. Again, the number of jobs outsourced is minute compared to the natural rate of job creation in the U.S. economy. While the unemployment rate was better five years ago, according to BLS statistics, both the employment level and civilian labor force were higher in March 2005 than in March 2000.
3. "Imports rising twice as fast as U.S. exports. As a result, our trade deficit has exploded. It is literally choking our economic growth in this now \$12 trillion economy," Lou Dobbs, April 28, 2005. Daniel Griswold with the Cato Institute "literally" debunks this myth. In years that the trade deficit was "improving," real GDP grew by only 1.9 percent. In years when the deficit was "worsening," real GDP grew by 3.0 percent. And, in years when the deficit was "rapidly worsening," real GDP grew by 4.4 percent.
4. "Protesters countered, they understand CAFTA all too well because they lived through its predecessor, NAFTA, which has left an 11-year legacy of environmental degradation, lost jobs, and increased illegal immigration," Casey Wian, May 12, 2005. When NAFTA was implemented, unemployment in the U.S. was 6.7 percent. Today, that figure is 5.0 percent.

## Little Trouble In Big China

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China is an important trading partner to the United States and the world. A March 20, 2004, article in The Economist stated, "Goldman Sachs, an investment bank, predicts that by 2040 China will overtake America as the world's biggest economy." Free trade advocates argue that it is the safest way to engage China and gradually open that nation to a freer form of government.

Yet, not everyone has been happy about the vital U.S. trade relationship with the anti-democratic centralized government. A July 22, 2005, editorial in the Wall Street Journal noted that "China-bashing has become a favorite sport in Washington of late, both on Capitol Hill and even in the Bush Administration." The same can be said for "Lou Dobbs Tonight." The program devoted 33 stories to China during the four-month time period. Of those 33 stories studied, 89 percent (29 stories) focused on free trade and hammered China for everything from destroying the American textile industry to currency manipulation.

Dobbs led into a March 11 report by mulling over the "staggering" trade deficit, "driven higher by a massive influx of cheap Chinese clothing."

He continued: "This latest trade report confirms Chinese imports have soared since the quotas limiting those imports expired just weeks ago. Textile workers say without immediate action from Washington, the American textile industry is simply dead."

During her report from an abandoned textile plant that was "symbolic of a crisis," Christine Romans claimed, "Four years ago, more than a million people worked in this industry. Since then, 373,000 jobs have been lost, 35 percent of America's garment makers."

At the end of the video, Romans commented: "And the response today from the Commerce Department, officials there say they are concerned about the increase and its impact on U.S. textile firms. They might consider curbs if it sees evidence of market disruption, but they won't promise any kind of action. Lou, a lot of people say by the time the Commerce Department is convinced of market disruption, it will be utterly too late."

"Delta Airlines today became the latest carrier to outsource its maintenance work to another country. That's right, foreign citizens will soon be performing maintenance on aircraft flown in the United States by a U.S. air carrier."

— Lou Dobbs  
"Lou Dobbs Tonight," March 29, 2005

Dobbs later asked, "Is our government people in trade with complete and utter idiots? The pain is palpable, the evidence is absolute. It's staring everyone in the face." (Romans then noted the irony of Wal-Mart seeking to convert the empty plant for extra storage of "those cheap Chinese products.") In a March 10 report, Christine Romans accused our trading partner of currency manipulation, warning that "Chinese customs data bear out what many had feared, unshackled by quotas and manipulating its currency, China will dominate the global textile trade, destroy its competitors and cost thousands more American jobs."

**Tell the whole truth:** The evidence supports a totally different reality from what Dobbs portrayed. According to a Cato Institute policy analysis by Dan Ikenson, "As the economy has grown and America has become wealthier, producing traditional textiles and clothing here has become a relatively inefficient use of resources." Ikenson pointed out that the textile industry knew the quotas would expire under the World Trade Organization's Agreement on Textiles and Clothing. Instead of taking the necessary steps to become competitive, they relied on lobbyists and unions to fight global competition. These protectionist policies caused U.S. prices to rise. As a result, American families have spent a higher proportion of their earnings on clothing.

When the U.S. establishes barriers to trade, poor countries are also deprived of the growth and political stability of an export economy. With trade quotas rescinded, poorer U.S. consumers can afford higher quality clothes, poorer countries will grow their economies, and textile workers can develop the skills necessary to earn higher wages in the most advanced economy in the world.

To keep its currency stable, the totalitarian state had pegged the value of the yuan to the U.S. dollar. As The Wall Street Journal explained, this policy "gave foreign investors the confidence to build factories in China, fueling the country's export-led boom that has contributed so much to global growth in recent years." China has since ended the currency peg. Reporter Christine Romans had predicted that China would "dominate the global textile trade" and "destroy its competitors." But, according to The Wall Street Journal, "Federal Reserve Chairman Alan Greenspan noted in May, if Chinese products become too expensive they will simply be replaced by goods from the next cheapest suppliers in Malaysia, Bangladesh or elsewhere."

## **'Look for the Union Label'**

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For the last two decades, unions have publicly toed the line against free trade. In 2004, the AFL-CIO's Richard Trumka said of Lou Dobbs, "He's made trade a nightly crusade on his program." Dobbs relied on union representatives, such as Trumka, to buttress his "nightly crusade" against free trade agreements. Of the 51 trade-related stories, 43 percent (22 stories) solicited input from one of 11 different union groups such as UNITE HERE and the Washington Alliance of Technology Workers (WASHTECH).

In an April 12 story on fraud at Indian call centers, Lisa Sylvester reported that “critics say this should be a wake-up call for corporations who have increasingly looked to India as a source of cheap labor... While fraud can happen anywhere, a point Citibank is quick to make, critics say the U.S. consumer may not always have the same legal protections when it happens overseas.”

Marcus Courtney, the head of WASHTECH, then commented, “It’s a threat to our privacy information and it raises serious questions in terms of what kind of questions are available to us as Americans when this private financial data goes overseas and something goes wrong.” Sylvester failed to identify WASHTECH as a union group of high-tech workers or a strident opponent of outsourcing and free trade.

Several reports on “cheap Chinese textile imports” relied on union spin without a single contrasting viewpoint. For example, on March 10, Christine Romans solicited comment from the National Council of Textile Organizations and UNITE HERE, a diverse union comprised of hotel and textile employees. May Chen, with UNITE HERE, chimed, “It’s time for the Bush administration and the government now to do something because this is not just threats or paranoia. This is reality, and my members have been feeling this already for a long time.” Romans didn’t explore the alternate “reality” of how cheaper costs for clothes and other textile-based products would raise the U.S. standard of living for everyone.

“While Congress reeled, administration officials downplayed the negative impact of our massive trade deficit with China.”  
– Kitty Pilgrim  
“Lou Dobbs Tonight,” April 14, 2005

**Tell the whole truth:** Although the media often treat vocal union membership as the voice of American working families, that characterization is inaccurate. Union members make up little more than 12 percent of the U.S. work force. When unions are involved, it is important to remember that their mainline policy is anti-free trade. The AFL-CIO states on its Web site that “deregulation, privatization, (and) liberalization of trade and financial markets” are not good for growing economies. It prefers domestic protections for existing jobs – which take the form of tariffs and trade restrictions, keeping U.S. prices higher and stunting exports to other countries.

## **The Facts Behind the Trade Deficit**

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The “trade balance” is shorthand for the “current account balance” – a measure of the trade of goods and services between countries. When China sells (exports) more products (in dollar value) to the United States than the U.S. sells to them, China runs a surplus while the U.S. runs a deficit. The U.S. trade deficit has been the subject of a lot of negativity from politicians and the media.

Lou Dobbs is no exception. In an April 14, broadcast, he introduced a Kitty Pilgrim report on the U.S. trade deficit with China by pointing out that it “is now at an all-time high and continues to rise at a staggering rate.” Pilgrim said, “While Congress reeled, administration officials downplayed the negative impact of our massive trade deficit with China.” She then cut to a clip of Kirstin Forbes, a member of the White House Council of Economic Advisors explaining, aptly, that “the U.S. does run a large trade deficit with China, but it runs a large trade deficit with most countries in the world.” At the end of the report, Dobbs was indignant about Forbes’s testimony before Congress: “What’s... she’s proud of the fact that exports have risen 116 percent to China? Oh my Lord!”

The night before, Dobbs devoted a moment of his broadcast to calculate “just how long it would take for our current account deficit to surpass in point of fact our entire economy, the gross domestic product, making a couple of assumptions.”

Dobbs continued: “If the current account deficit grows about 30 percent each year, as it has in the past, and our growth in the economy remains at about 4 percent, we calculate that our deficit will surpass our economy at \$20 trillion in 12 years, 2017.”

**Tell the whole truth:** That “calculation” was ludicrous. In fact, numbers crunched by the Cato Institute actually show that a “worsening trade deficit” foreshadows a growing economy.

In a January 11, 2005, Center for Trade Policy Studies “Free Trade Bulletin,” Daniel Griswold charted the change in the trade deficit (current account balance over GDP) compared to the growth of our economy (GDP). The findings: the economy grew the most when the deficit was “rapidly worsening.” Likewise, the economy grew the least as the trade deficit “improved.”

The trade deficit is NOT a cause for alarm. Importing cheaper goods from places like China and Malaysia raises the living standards in the United States and pushes down the cost of doing business; in the process creating opportunities for higher-wage and higher-skill jobs.

In an exchange with Dobbs in February 2004, James Glassman, a host of Tech Central Station and a fellow at the American Enterprise Institute, explained that trade deficits aren’t bad. “We have, for the last 20 years, run a trade deficit. And by coincidence, for the past 20 years, we have had by far the greatest economy in the world. We've got an \$11 trillion economy. We're bigger than the next five countries combined. We've got a 5.6 percent unemployment rate, compared to 10 percent in Germany. I think we're doing fairly well.”

## The Benefits of Free Trade

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Dobbs consistently ignored the benefits of free trade. In a May 13 broadcast, Christine Romans condensed the CAFTA debate: "The biggest winners of that would be the large multinationals. The losers? The American workers whose jobs get moved offshore and the Central American workers whose already low wages just keep falling."

This assessment was flat-out wrong. According to a July 26, 2005, editorial in The Washington Post, "80 percent of Central American exports already enter the United States without tariffs, so the main effect of the deal will be to open the region to U.S. products." For U.S. companies, CAFTA will give exporters greater access to the market; in the process growing foreign demand for U.S. goods and services. As more of those things are sold abroad, more high-quality job opportunities will be created in the United States.

Even peripheral advocates of free trade weren't immune to Dobbs's commentary. At the end of an April 13 report, Dobbs said his audience would "be pleased to know the Citizens Against Government Waste saying it supports all so-called free trade because free trade, in their judgment, forces American workers to compete on what they call an open basis. Lovely."

Dobbs continued, "Of course it's not really fair competition when U.S. workers are up against those making a fraction of American wages ... Still, the group says so-called free trade cuts government waste because it reduces subsidies that the government pays out to U.S. industries. But once all those industries are run out of this country by cheap foreign labor, the government will be paying another way. The government - the Citizens Against Government Waste might consider what it costs for a high unemployment in this country."

**Tell the whole truth:** Dobbs might want to consider that since the passage of NAFTA, a "so-called free trade" agreement he regularly criticized on his show, the U.S. economy created 18 million new jobs, GDP grew by 38 percent, exports increased from \$134.3 billion to \$250.6 billion, and unemployment at the time of Dobbs's statement April 2005 was 5.2 percent. These numbers were compiled by the Heritage Foundation in a June 16, 2005 outline called "Debunking Some Myths About DR-CAFTA." Dobbs's warnings about "high unemployment" had no basis in reality.

Dobbs might also want to look at the growth of U.S. exports after NAFTA. According to the National Association of Manufacturers, "NAFTA has boosted both U.S. exports and imports, but exports grew disproportionately faster than they would have without the agreement." Numbers from the National Taxpayers Union bear this out. According to NTU, U.S. GDP per capita (the value of all goods and services produced in the economy divided by the population) has increased more than 55 percent since NAFTA was implemented. And, "GDP per capita in both Mexico and Canada have improved" by factors of 21 percent and 38 percent, respectively.

## Outsourcing to 'Cheap Overseas Markets'

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Outsourcing was catapulted into the political mainstream during the 2004 elections. Democrats harped on the threat of American jobs being packaged and sent off to China and other low-wage labor markets. While Sen. John Kerry (D-Mass.) chastised "Benedict Arnold" CEOs, CNN's Lou Dobbs railed against the corporate greed responsible for "exporting America." Although those dire predictions of job losses never came to pass, that didn't stop Dobbs. He simply broadened his complaints to include the Central American Free Trade Agreement (CAFTA), signed into law by President Bush August 2.

The outsourcing and insourcing of jobs is a form of trade. As the McKinsey Global Institute explained, "a great many business processes can be performed remotely, and several can be performed anywhere in the world." Since countries like Ireland and India are productive sites for cheap labor, United States companies can increase worker productivity and profit, which helps both economies.

Yet, Lou Dobbs crusaded against this form of free trade too. He's even written a book about "greedy CEOs" and companies that are "Exporting America," and this theme was reflected in his CNN broadcast. Of the 69 stories studied, 30 (43 percent) focused on the "perils" of outsourcing. Of those 30 stories, only one centered on insourced jobs - but twisted the facts to criticize U.S. trade policy.

"For a little more perspective, let's compare the number of U.S. jobs lost overseas to the current number of jobs in America: At the rate of 4,200 jobs per quarter, assuming that none of these jobs are replaced, America will lose all of its jobs in a little more than... 7,000 years."

— Jerry Bowyer  
National Review Online, Sept. 17, 2004

Dobbs introduced a May 3 report detailing complaints by U.S. manufacturers about a lack of skilled workers: "Now that group of manufacturers is asking the federal government to help them out, to help them hire more highly skilled workers, you guessed it, from cheap overseas labor markets."

Reporter Lisa Sylvester said the National Association of Manufacturers wanted to hire more skilled workers from other countries. "Business groups say there are not enough U.S. high-tech workers with critical skills to fill the need in the United States," she explained. The reason? Sylvester claimed: "Bright American students have shied away from manufacturing, even in the high-tech industries because of the stigma. Off-shoring of jobs have made the career choice even less appealing. And the country's weakened unions mean fewer apprenticeship programs to train newcomers."

At the conclusion of the report, Dobbs commented: "And the idea that the National Association of Manufacturers or any other organization could suggest there's a shortage of skilled labor in this country when we have seen 2.5 million manufacturing jobs obliterated in the last five years is remarkable by any standard, don't you think?"

Another instance of outsourcing dread came from the March 29, broadcast. Dobbs led off a Bill Tucker report: "Delta Airlines today became the latest carrier to outsource its maintenance work to another country. That's right, foreign citizens will soon be performing maintenance on aircraft flown in the United States by a U.S. air carrier. Delta Airlines says the move will cost as many as 2,000 Americans their jobs."

Tucker described how Delta Airlines was "going north of the border in search of cheaper labor" by outsourcing maintenance work to a Canadian company. Tucker then obtained union spin from Linda Goodrich, vice president of the FAA Inspectors Union. She told Tucker, "The best way to describe it – and I don't want to be sensational, but we believe right now they are playing Russian roulette with the public's safety dealing with aviation safety."

While Tucker did admit that "outsourcing its maintenance work is expected to save Delta \$240 million," he left out an important piece of Delta's history with outsourcing. According to the October 2004 edition of Business Solutions magazine: "Delta came under scrutiny for outsourcing a 1,000-seat call center to India. However, the move saved the airline more than \$23 million in 2003 and allowed for the creation of 1,200 new jobs in Delta's U.S.-based reservations and sales team – a net gain of 200 American jobs."

**Tell the whole truth:** As a "point of fact," as Dobbs would say, the number of jobs outsourced in the United States pales in comparison to jobs created by the economy. According to a report by the Kansas City branch of the Federal Reserve Bank, outsourced jobs amount to just 0.1 percent of total employment. Also, the Organization for International Investment noted foreign companies have sent 5.4 million jobs to the United States. These jobs pay 31 percent more than the average salary at U.S. companies.

In a Sept. 17, 2004, article for National Review Online, Jerry Bowyer used a simple graph to compare outsourced jobs during the first quarter of 2004 to average quarterly job growth. Bowyer even made a calculation that Dobbs could appreciate: "For a little more perspective, let's compare the number of U.S. jobs lost overseas to the current number of jobs in America: At the rate of 4,200 jobs per quarter, assuming that none of these jobs are replaced, America will lose all of its jobs in a little more than... 7,000 years."

Outsourcing is a good investment for the U.S. economy. According to the McKinsey Global Institute, every dollar spent on outsourcing to India returns between \$1.12 and \$1.14 in benefits. These savings increase investment in new technology and higher-wage/higher-skilled jobs.

According to a March 11, 2004, Tech Central Station column by James Glassman, outsourcing is beneficial to the economy. "Imagine if U.S. computer companies were forced to make all their components at home. The cost of computers would be higher, so U.S. business could not enhance productivity, grow and hire workers. Plus, U.S. computer makers would be priced out of the market and forced to fire workers," said Glassman.

## **Even Insourcing Is Evil**

The only time out of 69 stories that Dobbs acknowledged insourcing gains from foreign companies setting up shop in the United States, he used it to criticize free trade. Dobbs led into a June 22 Lisa Sylvester report by announcing that "Europe's largest defense contractor today said it plans to build a new factory for its Airbus unit in Mobile, Alabama. Airbus hopes that plant will help it win a multibillion-dollar contract to build refueling tankers for the U.S. Air Force. Airbus also hopes that its new friends in Congress will help it win that contract."

Midway through the report, Sylvester asked, "What's at stake? Who will build the next generation of Air Force aerial refueling tankers to replace the aging KC-135s, a U.S. company like Boeing or Europe's Airbus? At a news conference, Senator Shelby suggested why America was irrelevant in the industry." Sen. Richard Shelby (R-Ala.) was quoted, "You've got to remember this, there's no such thing as - as far as aerospace - this is made in America, or this is made so-and-so. It's made - the components come from everywhere."

Yet, Sylvester undermined Shelby's statement, "But critics vehemently disagree. If Chicago-based Boeing were awarded the contract, it would build the bulk of the tankers in the United States. Airbus and its parent company, EADS, would ship jobs and profits overseas."

Predictably, Sylvester turned to Mark Blondin, of the Aerospace Machinists Union, for comment: "They take that government aid and then put their product out on the market at below- market prices, and it really hurts American jobs." Sylvester remarked, "The new Airbus Alabama factory will create 1,000 new jobs. But if Airbus ultimately gets the tanker contract, an estimated 20,000 jobs could leave the United States." Dobbs cynically quipped of Shelby, "he could be referred to as the Senator from Airbus."

**Tell the whole truth:** Meanwhile, in the "Senator from Airbus's" home state, foreign automakers such as Honda, Hyundai, and Mercedes-Benz have created high-skilled, higher-wage jobs for Alabamians. In a July 27, 2005, article in The Birmingham News, Bob Allsbrook, chief economist for AmSouth Bank, chimed, "So much is finally in place with our auto industry, and it's creating jobs lost in textiles, apparel and furniture. It's a solid story." Alabama's unemployment rate is 16th lowest in the country.

## **Conclusion/Recommendations**

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Over the four months from March to June of 2005, “Lou Dobbs Tonight” amounted to little more than a sounding board against the principles behind free trade. Ninety-four percent of the 69 trade stories in that time period discussed the topic in a glaringly one-sided nature. The Central American Free Trade Agreement, America’s largest trading partner, and companies “exporting America” were attacked with economic misinformation. In the process, Lou Dobbs damaged his credibility and deceived his audience with one-sided stories.

Unfortunately, it is unlikely that he will change. The lessons on how to cover essential aspects of free trade still apply to every other business journalist.

With the narrow passage of CAFTA in the House of Representatives, the debate behind free trade has been heated. Given this opportunity, journalists should engage both sides of the debate and solicit input from free market experts, not just union mouthpieces and protectionists. Only then will the audience be able to tell the difference between, “news, debate, and opinion.” With that in mind, here are some recommendations for better coverage.

- **Give Free Trade a Fair Hearing:** At least entertain the notion of balance when discussing free trade agreements and global trade. There are numerous free trade experts available to comment in stories.
- **Separate News from Commentary:** Watching “Lou Dobbs Tonight,” it is virtually impossible to tell where news ends and commentary begins – if there is any difference. It is essential for good journalists to keep their opinions out of stories, deliver a balanced and accurate report and let the reader or viewer decide.
- **Facts Are Facts:** Do not misinform the public with selective facts. A claim that “in this country we still do not have the same number of jobs that we had five years ago” is patently false. Check facts carefully, and admit error when they are wrong.
- **Stop Harping on the Trade Deficit:** The trade deficit is not a cause for alarm. Inform viewers and readers that countries with trade surpluses don’t compare with the economic growth of the United States.
- **Find Free Market Experts:** Balance the input of union representatives and protectionists with free market thinkers and businesses.