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DOMESTIC AND INTERNATIONAL INFLUENCES
ON ATTITUDES TOWARD FOREIGN ECONOMIC POLICY

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One of the oldest Washington quips is that the tariff is local politics. That is more than half true. Not much has changed since the days in which Mr. Dooley quoted "The Sinitor fr'm Virginia" as saying:

"I loathe th' tariff. From me arliest days I was brought up to look on it with pizenous hathred. At manny a convintion ye cud hear me whoopin' against it. But if there is such a lot of this monsthrous iniquity passin' around, don't Virginia get none? . . . I will talk here ontill July fourth, nineteen hundred and eighty-two, agin th' proposed hellish tax on feather beds onless something is done f'r th' tamarack bark iv old Virginia. . . ."

While the tariff is local politics, it is also world politics. Neither American businessmen nor for that matter the "Sinitors fr'm Virginia" are so provincial as to be unaware of the fact that what America does on the tariff has repercussions throughout the world. The stand a man takes on foreign trade policy is therefore a neat balance between the cosmopolitan and provincial influences impinging on him. He weighs employment in his home town, but his stand is also based on his conception of the current state of foreign economies, on what he thinks will help maintain and revive them, how far he thinks Europe, Japan, or other countries need our aid, whether or not he believes there is a dollar gap, and how he expects foreign countries will use aid if it is given them or trade advantages if granted.

The problem with which the research program in international communication at M.I.T. is concerned is where the businessman gets his information on such questions concerning the outside world; how he balances this international communication with domestic considerations; and how he communicates his view in turn.

A large part of this report is based upon data obtained in a national sample survey of 903 heads of companies done for M.I.T. by the National Opinion Research

Center. The M.I.T. project on American business communications is directed by Raymond A. Bauer. The survey by NORC was largely guided by Eli Marks and Herbert Hyman. In addition to the survey staff members of the Center for International Studies at M.I.T. themselves conducted about 500 newspaper type unstructured interviews with influential persons directly involved in the political controversy about the renewal of the Reciprocal Trade Bill. The national sample survey was, however, confined to heads of companies. These were divided into three strata: 100-1000 employees; 1000 to 10,000; and over 10,000. Each of these strata were in turn divided into strata based on the ratings of a panel of economists as to whether the industry had an objective interest in higher tariffs, lower tariffs, no interest, or mixed interest. Within these sub-groups a random sample was taken from social security board lists of companies in the available sampling points.

We initially wrote to the President of each company. We accepted as alternatives the Chairman of the Board or such top officials as Executive Vice-Presidents. We rejected the standard suggestion that we talk to the foreign trade specialist of the company. The interview was timed for an hour and covered a wide range of information concerning (a) tariff attitudes, (b) foreign trade behavior, and (c) communications behavior.

The respondents turned out to be as much concerned with the international as with the domestic implications of foreign trade policy. When asked to rate a series of topics as very important, fairly important, or not important to their businesses more than twice as many respondents cited political stability abroad as very important than cited foreign competition. When asked what is the best single argument in favor of a low tariff all respondents, both free-traders and protectionists, replied most often in terms of the economic benefit to the world in general. (See Table I) The focus on the international political advantages of expanded foreign trade cannot be explained by an absence of personal economic interest in trade, since 56% of the medium-sized and large firms are engaged in systematic promotion of foreign sales or investments and nearly a third of the small ones too. Approximately similar percentages claim to be effected by foreign competition. Finally we might note that concern with international affairs is to some extent correlated with tariff attitudes. For example, the rather small group (5% of the entire sample) who said they favored raising tariffs in general had the smallest proportion of men who thought America should take an active

TABLE I**Best Argument for Low Tariffs**

	Low tariff supporters	Protectionists
Domestic economic advantages	25%	44%
To expand U.S. foreign markets, reduce aid.	29%	22%
Political and economic benefits to world in general.	59%	47%

part in world affairs, only 59%. On the other hand, 92% of those who wanted lower tariffs thought we should take an active part in the world. Clearly attitudes towards foreign trade are related to attitudes towards internationalism in general as well as being related to the specific economic interests of a firm.

Since businessmen do think of the cosmopolitan as well as the parochial aspects of foreign economic policy it is reasonable to ask where they get their image of the facts abroad on the basis of which they form their judgments. First it is necessary to note that we are here talking about top-level executives, not foreign trade specialists. Our unstructured interviews with export managers and similar foreign trade specialists reveal a slightly different pattern with a heavier emphasis on correspondence and a larger consumption of information from abroad. Here, however, we shall review the top executive pattern.

The first thing to note is that there is virtually no reading of materials from overseas. Of our 903 respondents, only 32 listed a foreign publication in their reading. 15 mentioned the London Economist, 27 altogether mentioned British publications, 8 mentioned publications from anywhere else in the world. (2 Canada, 3 Latin America, 2 foreign in general, 1 Australia, 1 France). The major published sources of information on foreign affairs are American newspapers and news magazines.

There is, however, one important direct source of international communication reaching business executives. That is their travel experience. The median number of trips abroad for big businessmen was 10; middle-sized businessmen 9; and small businessmen, 7. More than half of the executives from big business and more than a third of the executives from small business had been out of the country within the previous year.

It is often questioned whether travel has any profound effect on attitudes. In our data it does seem to. This is not the place to go into the full range of findings regarding the impact of travel. Suffice it to note that among our respondents those who had traveled much were less parochial in their approach to the tariff question than those who had not traveled extensively. Table II shows that the highly traveled respondents were less likely to let market

TABLE II
Travel and Self Interest

	Large and medium-sized firms		Small firms	
	Highly traveled respondents	Others	Highly traveled respondents	Others
Taking extreme position* in line with own self interest.	7%	16%	11%	14%
Taking moderate position in line with own self interest.	42%	44%	38%	38%
Taking position opposed to own self-interest.	36%	27%	44%	27%

* Either protectionist or free trade as the case may be.
Self interest was rated by a panel of economists.

considerations affecting their own particular product determine their views.

This brings us to the general question of how far the self interest of a firm determines the attitudes of its executives on a question such as foreign trade. The mythology of the business community is a form of unconscious Marxism. It assumes that if you know a man's financial books you will know where he stands on policy. As one respondent put it when asked how businessmen make up their minds, "Do you want to know what the main thing is that makes them act this way? It's dollars and cents." How far that is an over-simplification has already been seen in Table II.

Self interest is not something which operates automatically and in the absence of communication. Many businessmen do not know where their own self-interest lies. A major lobbying group succeeded in mobilizing the most effective single campaign on behalf of a liberal trade policy by looking up manufacturers who sold a considerable volume of their products to country x and informing them of that fact. Many of the manufacturers had no idea that any of their products were going there since they sold to wholesalers and similar intermediaries. Once alerted to the surprising fact that country x was an important market of theirs, they willingly wrote to their Congressmen against tariff increases on that country's product. Trade associations and similar groups often determine what elements of self-interest a businessman is aware of. One industry, the steel industry, set out to make a careful study of where its interests lay. It had been undecided for some time. Recognizing that a complex combination of factors affected it, it put a research team to work on the problem. They knew that a small part of their product is exported; some of their raw materials are imported; they sell to manufacturers who are in competition with foreign imports. In the course of this study they discovered to their astonishment that the total value of alloys which they buy annually is a lesser item in their budget than the value of paper which they buy. The steel industry is in the habit of thinking about its alloys, but it is not in the habit of thinking of itself as a consumer of paper. However, as a large bureaucratic organization with much correspondence and some use for wrapping materials it turned out that tariffs on wood pulp and paper would be a more significant item to this industry than tariffs on alloys.

Even where businessmen know the relevant facts they still

have the problem of arbitrarily deciding the time range over which they will figure self-interest. How far should they discount present against future gains?

Furthermore there is the question of whose self-interest is to be weighed. A major protectionist firm, DuPont is the largest stockholder of a major free trade firm, General Motors. Similar complex inter-relationships require us to explore the identification of any given businessman before we can reasonably talk of self-interest. His identifications are clearly a communication as well as an economic problem. In short, the recognition of the role of self-interest does not eliminate the communication problem.

During the month when the interviews were held big businessmen at least were paying considerable attention to communications about foreign trade.* 52% of the large businessmen could cite some article read or speech heard on the subject. 34% had discussed foreign trade matters with an official of their firm specifically assigned to the export-import side of the business. 49% had discussed foreign trade with some other official of the firm; and 51% had discussed the subject with non-members of the firm, (17% in formal meetings and 45% in informal discussions.) However, only 9% had gone within the previous month to a formal meeting called specifically to discuss the subject of foreign trade.

* We also asked more specifically about the best sources on tariff and foreign trade information. Most often our respondents cited trade and business associations. The Department of Commerce and other government agencies came next. 43% of big businessmen cited business associations and 30% cited government agencies. Only 15% cited newspapers and 13% business magazines. Small businessmen relied more on the mass media. 27% of them did cite business associations and 22% government agencies; but nearly as many cited newspapers (20% and business magazines (19%).

TABLE III

Newspaper Preference and Tariff Stand

Those who favor	Percent who are New York Times Readers	Percent who are Herald Tribune Readers
Raising tariffs	24	41
Lowering tariffs	39	15

TABLE IV

Non-readers of News by Tariff Stand

Those who favor	Percent who do not ordinarily read	
	A non-business daily paper	A news magazine
Raising tariffs	22	34
Lowering tariffs	10	18

TABLE V

Magazine Reading and Tariff Stand

Those who favor	Average Number of General Magazines of Each Type Listed as Read Per Respondent		
	Hi-brow	Middle-brow	Lo-brow
Raising tariffs	.12	.38	.64
Lowering tariffs	.26	.57	.51

Among the small businessmen the volume of communications was very much less. Although small businessmen in their relative ignorance of more appropriate sources cited the mass media fairly frequently as the best source of information on foreign trade and tariffs, only 19% of them could cite a specific article or speech on the subject read or heard by them in the last month, (in contrast to 52% among large businessmen). Only 9% of them had discussed foreign trade matters with an official of their firm especially assigned to that field, a number which is easily understood since only 30% of the small firms had such an official. However, only 19% of the heads of small firms (as contrasted with 48% of those of large), had discussed trade matters with anyone else in their firm and only 30% had discussed them outside their firm, only 5% having gone to a formal meeting and but 3% to a formal meeting called specifically for the purpose. Even that is not an insignificant figure since it would imply that the average head of a company with between 100 and 1000 employees would attend a meeting on foreign trade matters about once in three years. In contrast, the head of a firm with 10,000 or more employees is, as we noted, apt to attend such a meeting approximately once a year.

Attending a meeting concerned primarily with foreign trade matters perhaps once a year, talking to one or two people about foreign trade in the course of every other month, reading on the subject every month or two, traveling abroad every couple of years, the typical big businessman has a moderate basis of information in terms of which to consider foreign trade policy.

The basis, however, is different for the free trader than it is for the protectionist. For example, more of the protectionists read the Herald Tribune; more of the advocates of lower tariffs read the New York Times. That cannot be explained by a difference in the stand of the two papers, for they are both supporters of the Eisenhower foreign trade policy. Nor can it be explained by a simple difference in conservatism, for protectionists while tending to be more conservative in some respects are not more conservative in others. The explanation lies rather in a more general psychological pattern which for the moment we shall call breadth of identification. By all indices the low tariff advocates show a greater interest in an awareness of the broad world around them, while the protectionists tend to respond to a set of stimuli much closer to their daily routine of life. The low tariff advocates are more cosmopolitan both in interests and identifications; the protectionists more parochial.

This difference between the two viewpoints is illustrated by the pattern of participation in the mass media of those businessmen on each side of the issue. The protectionists not only preferred the more concise Herald Tribune to the more complete New York Times. They also included double the proportion of respondents who cited no daily newspaper (other than trade and business dailies) as part of their normal reading pattern. They included, in addition, about twice as many persons who got no news magazines. The magazines they did read were predominantly low-brow. High-brow magazines such as the Atlantic, Harpers, The New Yorker, etc. were mentioned by very few respondents in any case, but by a proportion of low tariff advocates double that of the high tariff advocates. The typical reading of the low tariff advocates was not of such low-brow magazines as the Readers' Digest, The Saturday Evening Post, and Colliers which absorbed the protectionists, but of such middle-brow magazines as Life, Yachting, etc.

Whether the protectionists actually live in a more provincial environment in which there is less diversity and fewer cross-pressures operating than there is in the environment of the free trader, we do not yet know for certain. It is, however, already clear from our data that whether it is a function of reality or a function of his perceptions, the protectionist is aware of a far less complicated environment than is the free trader. To a very large degree protectionists are likely to see themselves as operating in an environment which supports their stand and among people who agree with them. When asked whether most of their business acquaintances hold views on the tariff which differ or concur with theirs, 75% of the politically active protectionists, but only 40% of the politically active liberal traders said most other businessmen felt as they did. That finding is particularly notable since in fact, as we have already noted, liberal trade views are strongly predominant in the American business community and so the reality is that protectionists are the deviants while liberal traders are conforming to the views of those around them. That is true at least on a national scale. We cannot yet exclude the possibility that the protectionists are in tight knots locally segregated. That hypothesis into which we are now looking seems unlikely however. It seems more likely that the vision of the protectionists does not encompass the variety of news which actually exists in others to anything like the same degree as does the vision of the free trader.

If these findings led one to the surmise that the protectionist is apt to be simply an ignorant because apathetic and unintelligent person, one would be sadly mistaken.

Surveys among the general public have often shown that the people who reply they don't know are also the ones who don't care and who don't participate. The Lazarsfeld-Berelson studies have shown conclusively that for the general public there is an extremely high correlation between scope of political knowledge and all other forms of political alertness and participation. That is not true for the tiny but influential fraction of the American elite which we are here studying. The heads of firms in our sample are almost necessarily gregarious, active, alert individuals. The difference between those with a broader and a narrower scope of identifications may mark the cosmopolitans off from the parochial individuals. It does not mark off the political activists from the political indifferent. On the contrary, regarding foreign trade it is the parochials who are far more active and in many cases better informed than the cosmopolitans. Their total volume of reading is not much different. They simply select different sources. The protectionists furthermore are far more likely to be effectively involved in political action on the issue. 60% of the protectionist activists claim to know the tariff stand of their own Congressmen as against 19% of the free trade activists. 71% of the protectionist activists thought that their Congressman would shift his position if it were in conflict with the businessmen of his constituency, as against only 54% of the free trade activists. The lesser confidence of the latter is probably a reflection of their lesser participation in effective political activity.

As a result Congress hears primarily from a small but vocal segment of American business. Few of the businessmen we interviewed had contacted Congress on foreign trade in the two years preceding the spring of 1954--approximately one in 10 of the entire sample. (The proportion is higher in 1955 but those figures are just now coming in). Among persons who favored raising tariffs the proportion who contacted their Congressmen rose to 1 in 6. Among those businessmen who feared a 15% drop in tariffs might injure their businesses (slightly more than 10% of the entire sample), the level of activity and interest was even higher. 32% of these men had contacted their Congressmen in contrast to 8% of the remainder of the sample.

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