

North Americans Remain United on Trade, Yet Divided on NAFTA

An Analysis of Attitudes towards Trade in NAFTA Countries

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Content

1	Introduction & Executive Summary	4
1.1	Executive Summary.....	4
1.2	Introduction	4
2	Demographic Breakdown of Attitudes Towards NAFTA	6
3	Is NAFTA a Toxic Brand?.....	9
4	Exploring American Hostility Toward NAFTA	11
5	Conclusion	12
6	Bibliography.....	13

1 Introduction & Executive Summary

1.1 Executive Summary

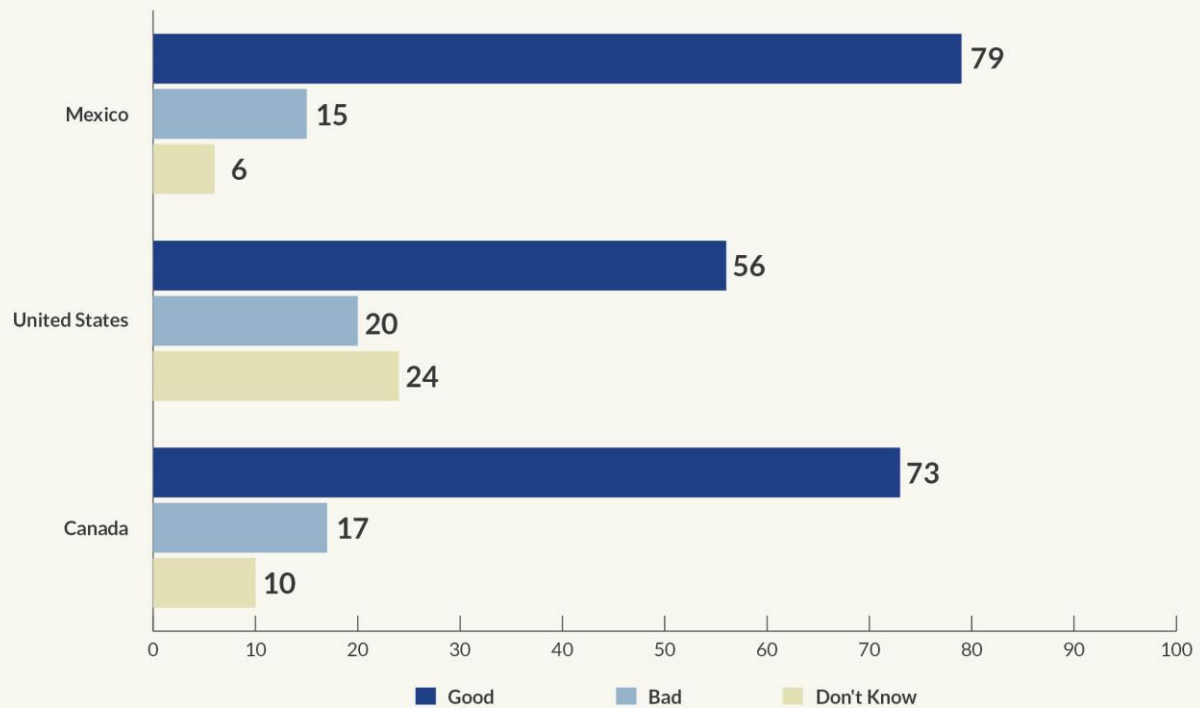
- Large majorities of Mexicans and Canadians, but a smaller majority of Americans, believe that free trade benefits their economies.
- A minority of Canadians and Mexicans, but a larger group of Americans, believe that it would be beneficial to leave the North American Free Trade Agreement (NAFTA)
- These North American attitudes toward NAFTA are considerably split by age and gender
- North Americans hold more negative views of NAFTA than can be explained by their views about free trade alone, suggesting that NAFTA may be a toxic brand.

1.2 Introduction

Why do surveys reveal strong North American support for free trade in principle, yet divided opinions over NAFTA? Earlier this year, a survey by the Bertelsmann Stiftung of attitudes towards trade and globalisation in twelve developed and emerging economies found that respondents generally support trade and globalization, as well as perceive the effects of trade on national economic growth, job creation, and consumer welfare as positive (Bertelsmann Stiftung, 2018). In this survey large majorities of 79 percent of Mexicans, 73 percent of Canadians and 56 percent of Americans believe that free trade benefits their economies (Figure 1). But when asked if North American countries would benefit from putting an end to the North American Free Trade Agreement (NAFTA), sizable minorities of 26 percent of Canadians and 28 percent of Mexicans believed that it would be beneficial to leave the agreement, while a small plurality of 36 percent of Americans favored leaving the agreement compared to 30 percent opposed to the idea (Figure 2). Given these interesting results, we seek to further explore why North Americans appear to believe free trade and trade agreements are good, but sizable minorities within these countries continue to think that it would be beneficial to put an end to NAFTA. Key findings from this analysis include that North American attitudes toward NAFTA are considerably split by age and gender, that public perceptions of NAFTA are less positive than their perceptions of trade agreements overall, and that support for expanding bilateral North American trade relationships may be weaker than general support for expanding free trade. The piece will first examine gender and age divides over NAFTA and how they vary across North America. We will then explore survey data to see whether NAFTA suffers from a uniquely toxic brand, with specific focus given to better understand why the American public appears to be particularly divided over the merits of remaining in the agreement.

FIGURE 1: North American attitudes about the national economic benefits of trade

Overall, do you think international trade is good or bad for the economy in your country?
in percent

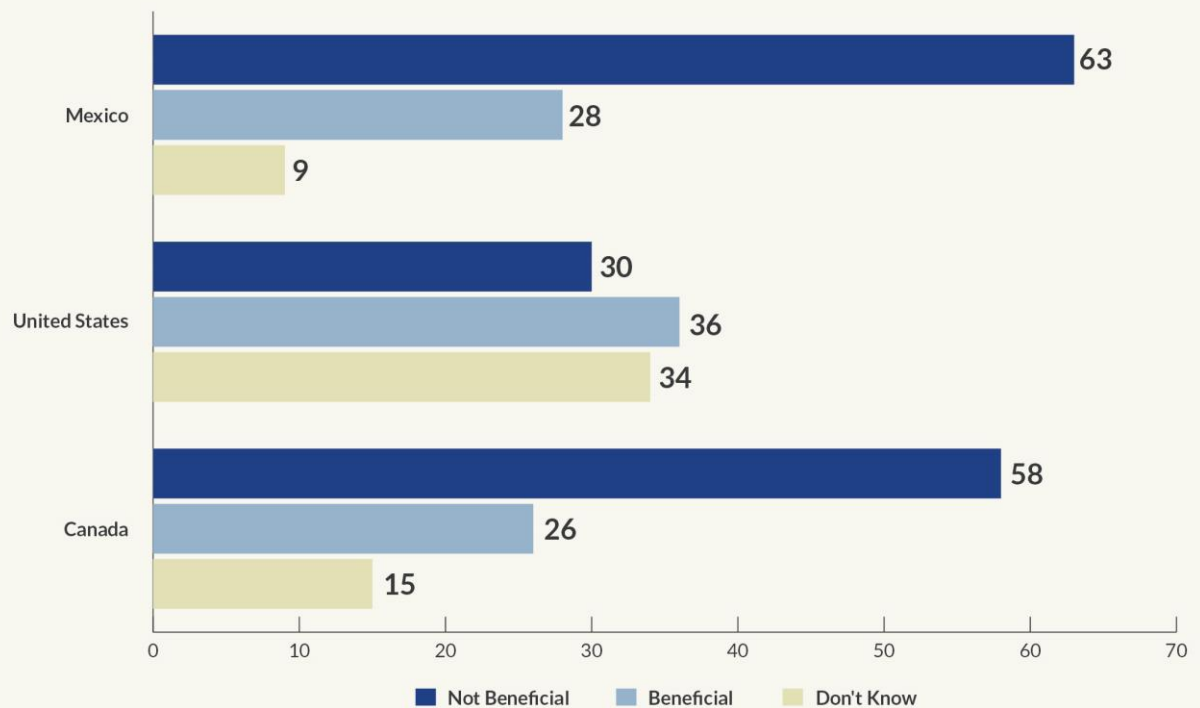


Source: YouGov Survey commissioned by the Bertelsmann Stiftung 2018.

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FIGURE 2: North American attitudes over the benefits of leaving NAFTA

Do you think that putting an end to NAFTA would be beneficial for your country?
in percent



Source: YouGov Survey commissioned by the Bertelsmann Stiftung 2018.

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2 Demographic Breakdown of Attitudes Towards NAFTA

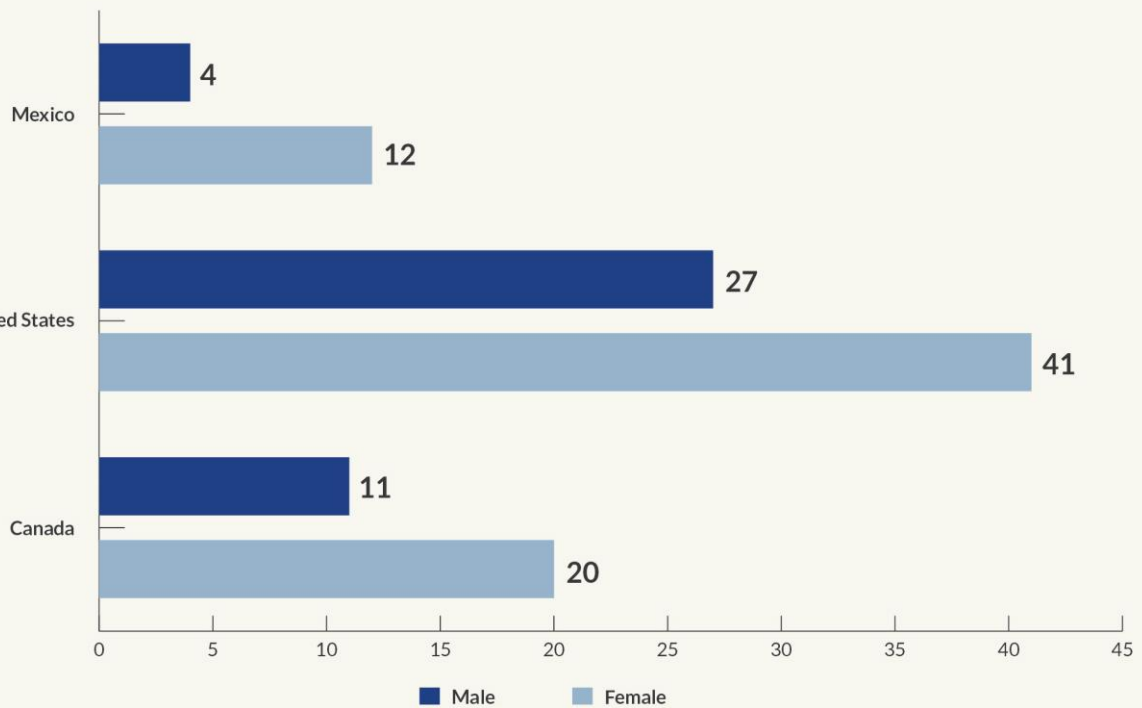
Closer analysis of survey responses revealed significant gender gaps in North American attitudes toward NAFTA and free trade. Women were consistently found to be more likely to respond 'don't know' than men when asked whether leaving NAFTA would be beneficial. For example, 41 percent of American women responded 'don't know' relative to 27 percent of American men, while 12 percent of Mexican women responded 'don't know' compared to only 4 percent of men (Figure 3). Canadian and American women were also significantly less likely to think it would be beneficial to leave NAFTA, with only 23 percent of Canadian women and 31 percent of American women holding this view compared to 30 percent of Canadian men and 42 percent of American men (Figure 4). Interestingly, the survey found an opposite gender gap in attitudes toward NAFTA among Mexican respondents. The survey found that women were 10 percentage points more likely to say that expanding international trade is a bad thing for Mexico, and 22 percentage points less likely to view Mexico's free trade agreements with other countries as a good thing, relative to men.

Many of these gender gaps in trade attitudes have been examined in other literature. Some have argued that large proportions of 'don't know' responses among women are partially explained by the tendency for women to possess less economic knowledge and familiarity with trade policies (Cook & Underwood, 2012). Others have argued that women are more likely to hold protectionist views due to their greater tendency to be unable to easily relocate in job markets disrupted by trade and globalization (Mansfield, Mutz, and Silver, 2015; Guisinger, 2016). Interestingly, while Mexican women held slightly more anti-trade attitudes, stronger support for NAFTA among Canadian and American women suggests that gender divides may be more complex and varied than often assumed.

Responses also differed by age group across the three North American countries, suggesting that both supporting and opposing attitudes toward NAFTA are concentrated within specific age cohorts. Among American respondents, support for NAFTA declined with age. 32 percent of Americans aged 18 to 34 believed it would be beneficial to leave NAFTA, compared to 41 percent of Americans above the age of 55. Similar findings are often interpreted as a reflection of the generally more 'pro-trade views' held by younger people such as liberal values, openness to diversity, and a more cosmopolitan identity (Hendrix, November 2016).

Interestingly, the Bertelsmann survey found a contradictory trend in Mexico and Canada, where older respondents were actually found to be more supportive of NAFTA. 30 percent of Canadians between 18 and 34 believed it would be beneficial to leave NAFTA, compared to only 17 percent of Canadians above 55 (Figure 5). These results match one recent survey that found that 56 percent of Canadians above 55 believed NAFTA has benefited the Canadian economy compared with only 41 percent of Canadians between the ages of 18 and 34 (Angus Reid Institute, September 2017). The Bertelsmann survey found a similar age difference in Mexico, where 69 percent of those above 55 believed it would not be beneficial to leave NAFTA, while only 55 percent of those between 18 and 34 felt the same way (Figure 6). Mexican youth were also found to hold more negative views about Mexico's free trade agreements, with only 66 percent saying that trade agreements are good for their country compared to 81 percent of seniors. These findings suggest that a negative relationship between age and trade attitudes does not hold across all countries, but that age is still an important influence on attitudes to trade agreements, with older males in the United States, younger males in Canada and younger women in Mexico most likely to hold hostile views toward NAFTA.

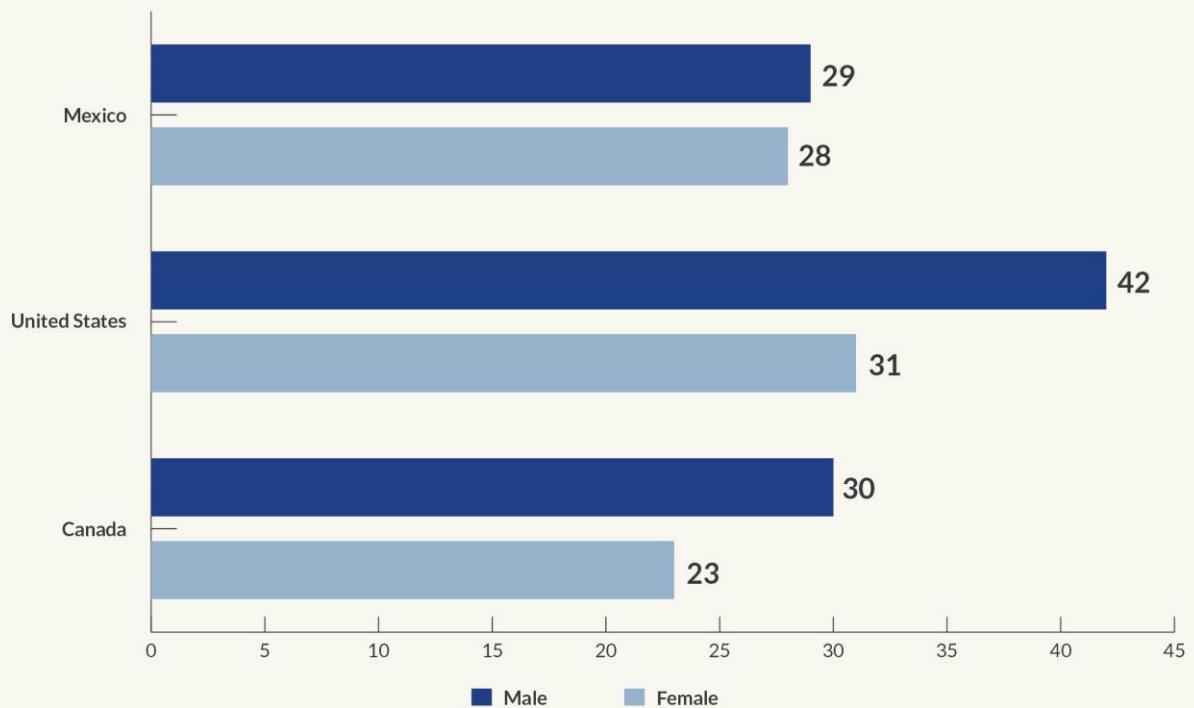
FIGURE 3: 'Don't Know' responses to the benefits of leaving NAFTA by gender
in percent



Source: YouGov Survey commissioned by the Bertelsmann Stiftung 2018.

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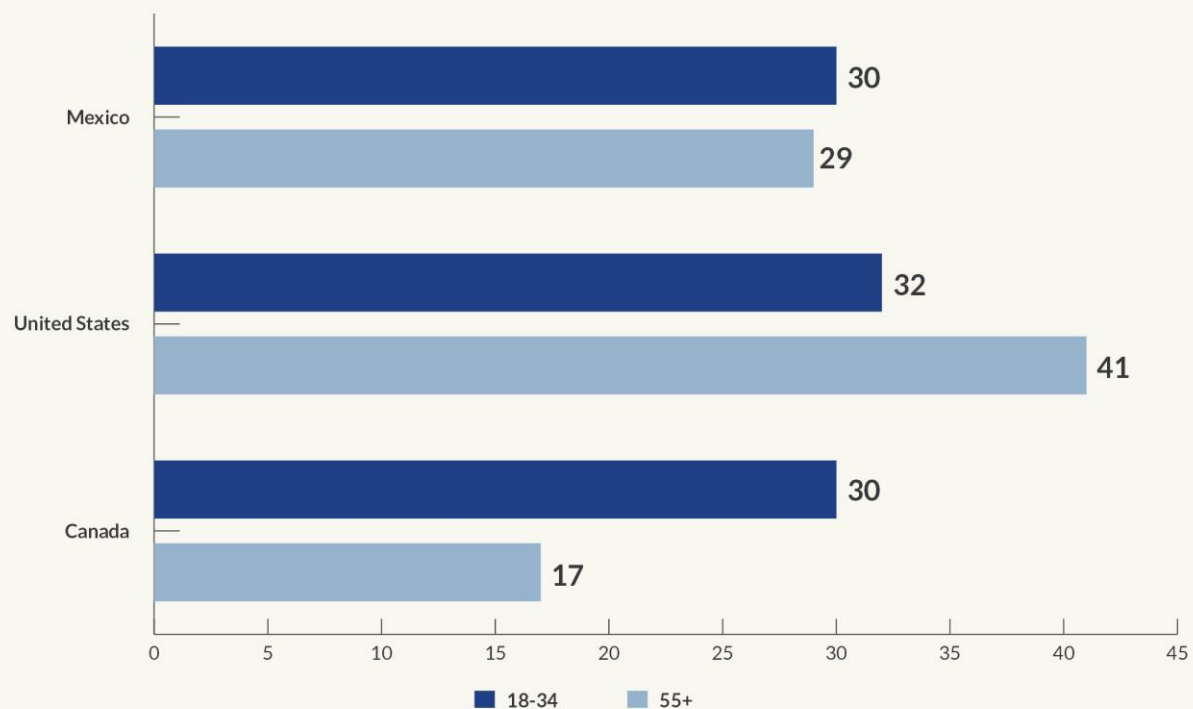
FIGURE 4: 'Beneficial to leave NAFTA' responses by gender
in percent



Source: YouGov Survey commissioned by the Bertelsmann Stiftung 2018.

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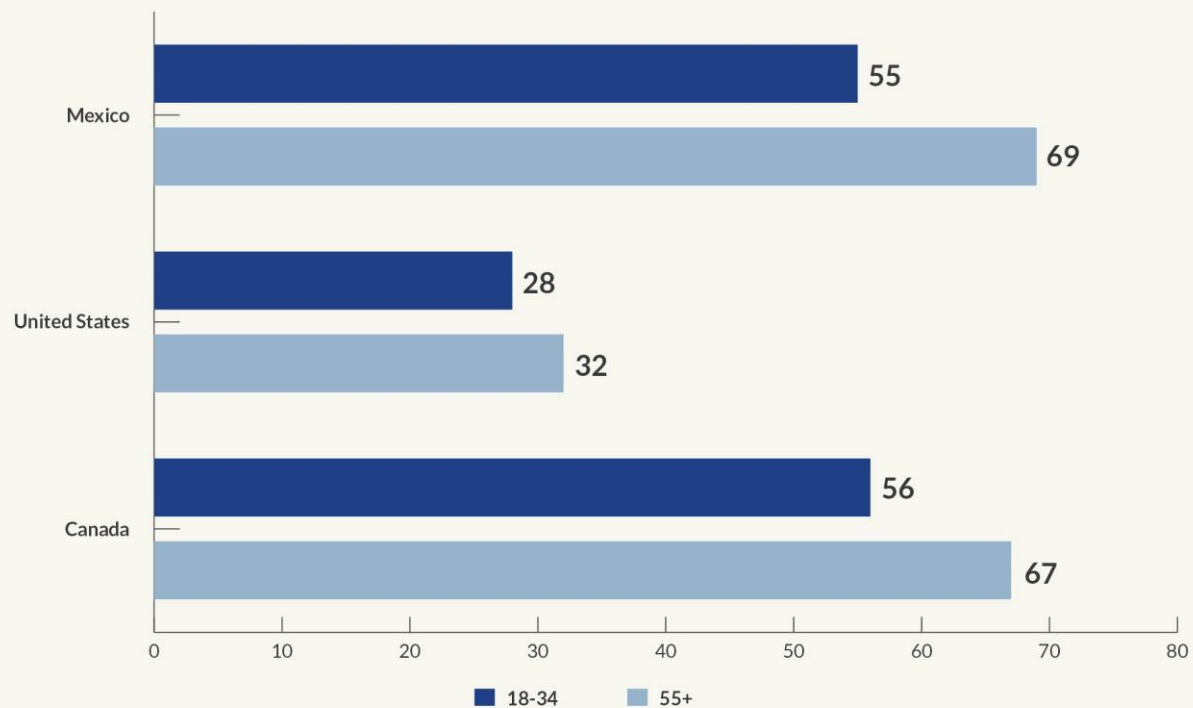
FIGURE 5: 'Beneficial to leave NAFTA' responses by age
in percent



Source: YouGov Survey commissioned by the Bertelsmann Stiftung 2018.

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FIGURE 6: 'Not beneficial to leave NAFTA' responses by age
in percent



Source: YouGov Survey commissioned by the Bertelsmann Stiftung 2018.

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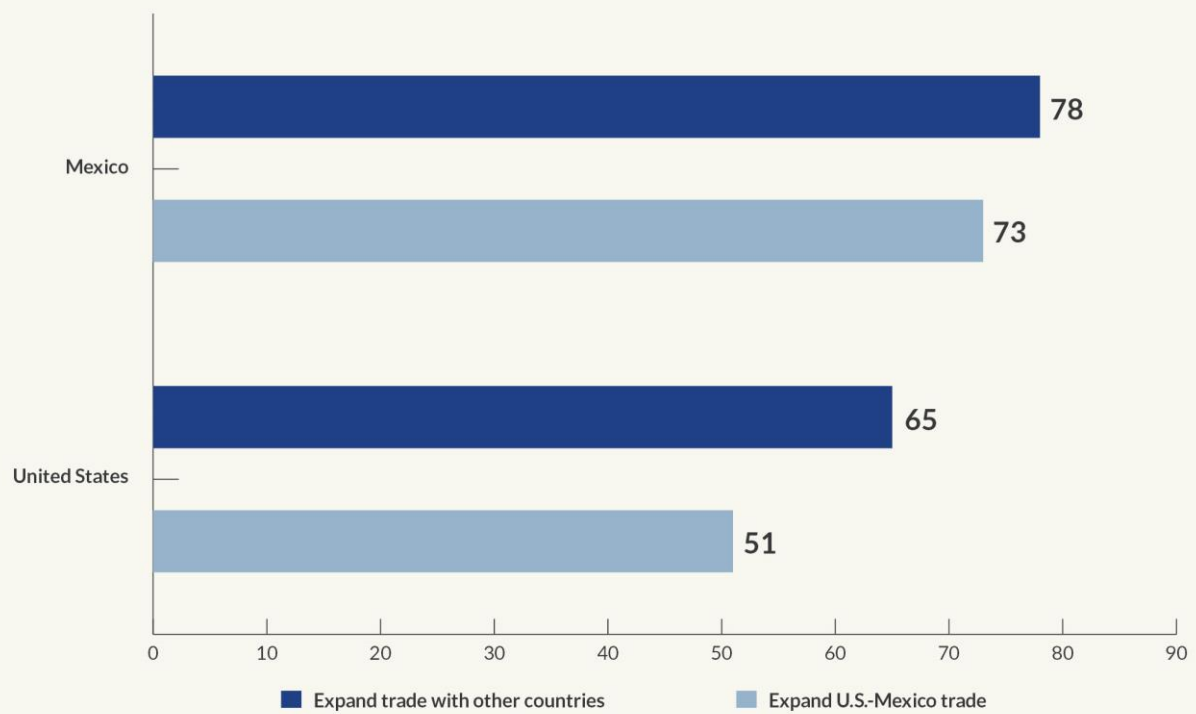
3 Is NAFTA a Toxic Brand?

According to these survey results, North Americans hold more negative views of NAFTA than can be explained by their views about free trade alone, suggesting that NAFTA may be a toxic brand. When asked about free trade agreements currently possessed by their country, 73 percent of Canadians, 74 percent of Mexicans, and 48 percent of Americans agreed that they were generally more good than bad. Even among Americans, only 22 percent believed they were a bad thing, with the remaining 30 percent responding 'don't know'. However, when asked specifically about NAFTA, North Americans appeared far less supportive of trade agreements, as shown in Figure 7. These significantly differing responses imply that mentioning NAFTA rather than "trade" or "trade agreements" within the question may result in more negative responses. This suggests that division over NAFTA may be influenced by external factors such as attitudes toward the specific trading partners within the agreement.

Negative perceptions of NAFTA are likely intensified by worsening relationships between the U.S. and its neighbors. Numerous authors have found that when studying public attitudes toward trade agreements, public perceptions of the included partner countries are often crucial to explaining levels of support for the agreement (Jungherr, Mader, Schoen, and Wuttke, 2018). While the survey found 78 percent of Mexicans to be in support of expanding free trade in general, only 73 percent believed that increasing trade with the United States would have a good impact. Mexicans between 18 and 34 were particularly sceptical of increasing trade with the U.S., with only 66 percent viewing this positively. Recent surveys also suggest that Mexican attitudes toward the United States are worsening, with the Pew Research Center finding that the proportion of Mexicans holding favourable views of the United States has fallen from 66 to 30 percent between 2015 and 2017 (Taylor, 2018). The Bertelsmann survey found that Americans hold similarly negative attitudes about trade with Mexico. While 65 percent of Americans believe expanding trade with other countries is a good thing, only 51 percent believe that increasing trade with Mexico would be good for their country (Figure 8).

Canadians also expressed some hesitation to expanding trade with the United States, with 74 percent believing that increased U.S. trade would be a good thing compared to 80 percent of Canadians who believed that expanding free trade with other countries in general was good. American attitudes toward Canada were more positive relative to attitudes toward Mexico, with 69 percent of Americans believing that increasing trade with Canada was good (Figure 9). Since the Bertelsmann survey, however, American and Canadian perceptions of one another have likely worsened due to the announcement of steel and aluminium tariffs between the two countries and rising fears of a trade war. Following the controversial June G7 summit in Charlevoix, Canada, one survey found that 70 percent of Canadians preferred to risk further angering President Trump rather than taking a 'soft approach' to regain his goodwill (Angus Reid Institute, June 15 2018). As relationships between North American countries continue to worsen, perceptions of NAFTA may further tarnish.

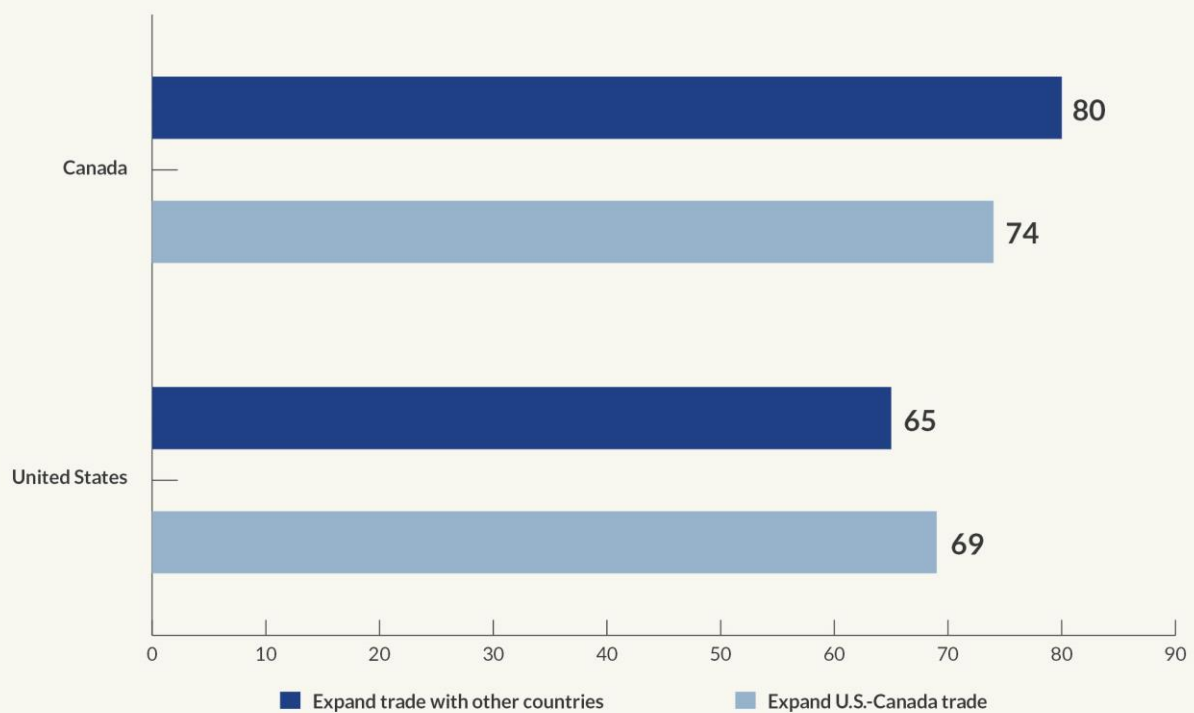
FIGURE 8: Comparing support for expanding free trade with other countries vs. expanding U.S.-Mexico trade in percent



Source: YouGov Survey commissioned by the Bertelsmann Stiftung 2018.

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FIGURE 9: Comparing support for expanding free trade with other countries vs. expanding U.S.-Canada trade in percent



Source: YouGov Survey commissioned by the Bertelsmann Stiftung 2018.

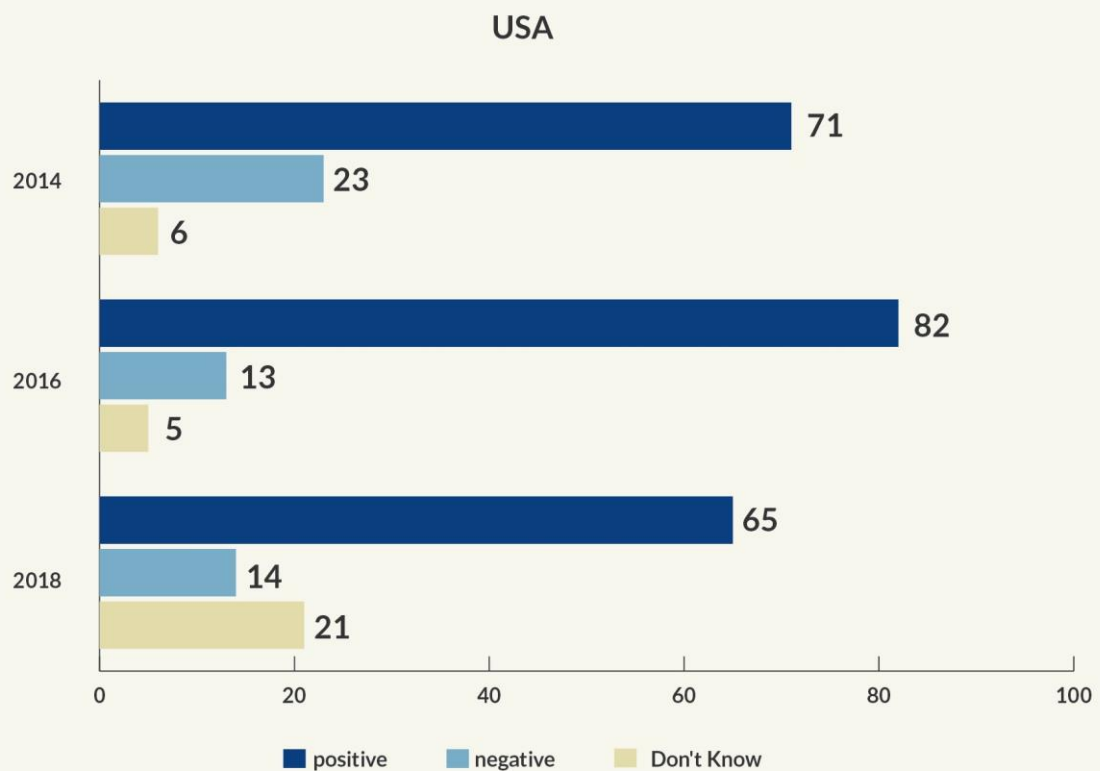
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4 Exploring American Hostility Toward NAFTA

In the Bertelsmann Stiftung survey, American responses concerning NAFTA were notable for their large proportion of 'don't know' responses. Although American respondents in the survey generally had high rates of 'don't know' responses (generally around 20 percent), a particularly large share of 34 percent of Americans responded 'don't know' when asked whether it would be beneficial to leave NAFTA. This significant American uncertainty over trade has been further highlighted by recent Bertelsmann trend data, which found that American support for expanding trade with other countries declined from 82 percent to 65 percent between 2016 and 2018 while 'don't know' responses rose from 5 percent to 21 percent (Bertelsmann Stiftung, 2018). This significant amount of ambivalence suggests that Americans may hold weak preferences about trade, a finding further discussed by Wolfe and Acquaviva in their recent publication (Wolfe & Acquaviva, 2018). Survey results also find that Americans rank trade as a low policy priority. When asked to identify policy priorities for their government, a 2018 survey of Americans found that dealing with global trade issues was ranked lowest, with only 38 percent of the public viewing it as a leading priority compared to other issues such as strengthening the economy or fighting against terrorism (Pew Research Center, January 25 2018).

The Bertelsmann survey did not ask about partisan affiliation, but it may be significant: survey respondents may derive their position on trade from the leader they support rather than choosing a leader based on their trade views. Other surveys suggest that partisan affiliation has further divided U.S. attitudes on NAFTA in recent years. For example, one 2017 survey found that 72 percent of Democrats viewed NAFTA as positive for the United States compared to only 35 percent of Republicans (Tyson - Pew Research Center, November 13, 2017).

FIGURE 10: What do you think about growing trade between your country and other countries – do you think it is a very good thing, fairly good, fairly bad or a very bad thing for your country? in percent



Source: YouGov Survey commissioned by the Bertelsmann Stiftung 2018.

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5 Conclusion

Closer examination of North American survey data has revealed several potential factors to help understand why, despite the general consensus in favour of free trade, significant divisions over the merits of NAFTA remain. Demographic breakdowns of the results reveal numerous sharp gender and age divides regarding NAFTA and bilateral trade relationships. Interestingly, while opposition to NAFTA increases with age in the United States, an opposite trend has been identified in Mexico and Canada. North American respondents' relatively more negative assessment of NAFTA compared to other trade agreements suggests that the agreement suffers from a uniquely negative perception, one that is likely influenced by increasingly poor relationships between the U.S. and its neighbors. As North American trade policy continues to evolve at a rapid pace, this analysis provides a snapshot of sentiments towards NAFTA, and identifies specific demographic groups for which attitudes are most polarized. In addition, our findings help demonstrate that positive attitudes toward free trade do not necessarily translate into similar support for specific trade agreements.

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