

A Survey Analysis of Free Trade Attitudes in Mexico: Implications for Global Strategic Investment Decisions

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Abstract

Transnational investment decision making depends on business receptivity and willingness to provide long-term guarantees of stability by the host country. One measure of such receptivity involves awareness related to free trade provisions. This article investigates Mexican support and resistance towards free trade in terms of demographic differences, perceived economic opportunities, "connectedness" to the U.S., and political attitudes about the Mexican and U.S. governments. Results indicate that the leading predictor for receptivity of foreign investment is the belief that free trade will lead to more job creation. This study also reveals endorsement from Mexicans who think free trade will bring access to higher quality goods and services to Mexico. Contrary to expectations, age and gender are not significant in this analysis.

Introduction

According to U.S. Ambassador to Mexico John D. Negroponte, "[P]erhaps no factor weighs more heavily in establishing a new balance in U.S.-Mexican affairs than the rising global consensus in favor of free trade and open markets...We have long thought that fair trade, based on common rules, favors global economic development..." (1991). Besides knowledge of location, utilization of resources, institutional factors and environmental surveillance as sources of sustainable cost advantages (Ansoff, 1984; Porter, 1985), the strategic transnational investment decision, such as one in Mexico, also demands an understanding of local conditions, values, expectations and sentiments.

One international dimension of strategic importance to the U.S.-Mexico alliance has been the negotiation talks involved with the North American Free Trade Agreement (NAFTA). The agreement is designed to "promote growth in the United States, Mexico, and Canada through the elimination of barriers to trade and investment in goods and services between our countries" (U.S. Department of Commerce, 1991). NAFTA will create a North American market of 369 million consumers, 25 percent larger than the European Economic Community. It will phase out tariff barriers on most

goods and services between Canada, Mexico, and the U.S. over a ten to fifteen year period (Cannon, Allen & Wydick, 1991; Hills 1992).

Increased free trade with Mexico will benefit the U.S. by helping to stimulate faster economic growth in Mexico. The inclusion of Mexico (the U.S.' third largest trading partner) into a North American free trade alliance creates an estimated market of \$6 trillion with U.S. and Canada (U.S. Department of Commerce, 1991). In turn, this should enhance Mexican demand for more U.S. products and services. "The United States accounts for almost 70% of Mexico's imports....Per capita, Mexico [annually] imports \$295 from the United States compared with \$266 for the European Community and \$9 for Eastern Europe" (Wallace, 1991).

Many states already benefit by trading with Mexico. For example, trade between California and Mexico expanded rapidly, the increase ranging between 17 percent and 25 percent since 1988; Texas has over \$15.4 billion in export trade with Mexico followed by California with \$5.5 billion, Michigan and Illinois each with over \$1 billion (Cannon, Allen & Wydick, 1991; Seib, 1992). The foreign-owned assembly plants with special

customs benefits (known as *maquiladoras* or *maquilas* for short) also have expanded so rapidly that by 1990, they produced for the U.S. an estimated \$12.7 billion worth of goods, \$3.6 billion of value added income and provided the Mexican economy with 471,814 direct jobs in 2117 maquilas as of July 1992 (American Chamber of Commerce of Mexico, 1987; deForest, 1991; Monthly Scoreboard, 1992). The potential for increased business activity in Mexico is illustrated by Fawcett's study (1990) of 97 maquiladoras. He reported that over fifty percent sourced less than five percent of their components' dollar values in Mexico.

Thus, transnational trade is expected to increase employment and income and decrease costs to consumers by allowing each country to capitalize on its own competitive advantages. Alan Greenspan, Chairman of the U.S. Federal Reserve, testified before the Ways and Means Committee of the U.S. House of Representatives that pro-free trade arguments were so compelling that Congress should work to remove all existing barriers to global trade (Holthus, 1991).

Nevertheless, those strategic managers planning to invest in Mexico should realize that free trade between U.S. and Mexico is not without controversy, both in terms of U.S. jobs and environmental issues (Magnusson, 1991). Critics maintain increased expansion of the *maquiladora* industry will only accelerate and exacerbate infrastructural problems that exist in Mexico. They claim U.S. jobs will be lost (Donahue, 1991). Problems involving pollution and toxic waste in Mexico will only increase (And that's an order, 1992; Juffer, 1988; Kelly, Kamp, Gregory & Rich, 1991; Whose Dirt? 1990). Some commentators state that the Mexican government has tough environmental regulations, but that there is weak enforcement. According to a *U.S. News & World Report* survey, indiscriminate dumping of industrial garbage and hazardous wastes is "trashing the landscape and poisoning the water and soil" in Mexico (Satchell, 1991). Such concerns raise fears that widespread abuses will occur under transnational free trade conditions.

Attitudes surrounding jobs, pollution and free trade in Mexico were investigated by the *Los Angeles Times* in the Fall of 1991. Using this data base, our research contributes through the use of multivariate analysis beyond the simple frequencies described elsewhere (*Los Angeles Times*, 1991b). Specifically, our study explores Mexican support and resistance towards free trade in terms of demographic differences, perceived economic opportunities, "connectedness" to the U.S., and political attitudes about the Mexican and U.S. governments. Table 1 organizes survey questions into these four areas plus the dependent variable: approval of free trade agreement.

Expected Mexican Support For Free Trade

Individual differences

A priori, we expected the Mexican survey to show that support for free trade is positively related to a person's education, income and social status. Peterson, Albaum and Kozmetsky (1989) found similar relationships for these variables with respect to positive opinions about "capitalism" in the United States.

We also expected to find age and gender relationships with respect to their support of free trade. Younger Mexicans may be more practical and less tied to past ideology. Hence younger Mexicans are hypothesized to show more support for free trade (*ceteris paribus*). Stoddard (1987, 1990) explores the gender issue in terms of "exploitation" and "integration" theses in *maquiladoras*. Using these theories, if the "exploitation thesis" holds, then women (who are about 66-75% of the maquila labor force (George & Hoffman, 1991; U.S. Department of Labor, 1990)) may be less likely to support free trade because of their feelings of oppression, intimidation and overwork. Conversely, if the "integration thesis" holds where industrialization leads to sexual equality, then women may benefit from increased free trade between the U.S. and Mexico. Women may be more supportive of free trade if they perceive economic investment will increase their own self-sufficiency. Thus, women are expected to hold different attitudes than men.

Perceived economic opportunities

Managers should realize a strategic investment decision depends on the visibility of the future (Ansoff, 1984). As such, planners must attempt to assess predictable threats and opportunities. One threat or opportunity can be strongly linked to workers' perceptions of free trade benefits. Hence, if Mexicans are optimistic about the future economy, if they desire access to quality goods and service, and if the labor climate is favorable, then, business receptivity can be considered high.

Reasons for optimism include initiatives taken through Salinas' Solidarity program, such as privatization of banks, initiation of public works and his handling of Mexico's foreign debt. Consequently, inflation in Mexico fell from a high of 159 percent in 1987 to approximately 18 to 22 percent in 1991 (Holthus, 1991). Since 1987 Mexican economic growth has been steadily increasing, especially in those border areas that have *maquilas*.

On the other hand, distrust of Mexican President Carlos Salinas de Gotari's economic policies and strong concerns about potential pollution problems may negatively impact feelings about free trade (Old &

Table 1
Variables Under Investigation

Dependent Variable

FREETRADE: Are you in favor or opposed to the free trade agreement between Mexico and the United States?

Individual Differences

EDUCATION: Education
INCOME: Income
SES: Socio-economic status
AGE: Age
GENDER: Gender

Perceived Economic Opportunities

GOING: How are things going these days?
ECONOMY: How is the economy?
FINANCES: How would describe your own economic situation compared to three years ago?
FUTURFIN: What about your future finances three years from today?
TRADEOFF: Are you in favor of economic growth even if it means pollution increases?
UNION: Are you associated with a union?
QUALITY: Will NAFTA provide greater access to quality goods and services?
OMOREJOBS: Will NAFTA generate more jobs for the Mexican people?

Connectedness to the United States

ABROAD: Have you ever been to the United States?
MOVEUS: Do you have plans to move to the United States?
RELATIVES: Do you have any relatives in the United States?
USIMP: What is your opinion of the United States?
BUSTREAT: Will United States business treat Mexicans fairly?
INFLUENCE: Does the United States have too much influence in Mexico?
IMPAMER: What is your impression of the American people?

Political Attitudes

SALINJOB: Do you approve of Salinas' job as president of Mexico?
SECOJOB: What is your opinion of Salinas' job of handling the economy?
BUSH: What is your impression of Bush?
RELATION: Would you say that relations between Mexico and the United States are improving?

omy took a nosedive. By 1987, the primary export of oil accounted for 38.4 percent of all Mexican exports while total exports fell in absolute pesos by 5.3% (United Nations, 1989). Consequently, some Mexicans may distrust Salinas' ability to turn the economy around. This economic history suggests the possibility of a low business receptivity climate.

Another important factor influencing a manager's financial investment decision in Mexico is receptivity by unions. A review of the literature makes it difficult to predict whether the rank-and-file union members will support free trade. On the one hand, Mexican unions sentiment against *maquiladoras* might spill over to free trade. Prevailing manufacturing wage rates in *maquiladoras* are much lower than those in the interior of Mexico, especially around Mexico City (Flint, 1991). Unions have opposed the privatization policies of the government and have struck against *maquiladoras* in Reynosa (across the Rio Grande from McAllen, Texas) because "[t]he maquiladora industry usually attempts to avoid unionization and puts together a bewildering

Baker, 1992; Whalen, 1990).

Pessimism about the current economic strength is partially due to Mexico's erratic economic history. The decade of the eighties witnessed a Gross Domestic Product (GDP) that changed both in terms of absolute and per capita amounts. In 1982, oil accounted for 74.8% of all Mexican exports, but with the collapse of oil prices and the ensuing peso devaluations, the econ-

coction of defensive strategies in the process" (Williams, 1991).

On the other hand, major Mexican unions have supported the concept of free trade as a stimulus to job creation in Mexico (Darling, 1992b; Thorup, 1991; Williams, 1991). Organized labor in Mexico is closely aligned with the dominant Institutional Revolutionary Party (PRI). In contrast to U.S. unions, Mexican unions had a greater involvement in the free trade negotiations

carried out in 1991-92. Once finalized the Mexican unions may be expected to demonstrate loyalty to government policies.

Connectedness to the U.S.

"Connectedness" is defined as those variables which demonstrate a person's tie to the United States. Has he/she ever lived in or visited the United States? Does he/she plan to move to the U.S.? Does he/she have any relatives in the United States, and if so, receive any money from them? The Simpson-Mazzoli bill granted amnesty to close to two million undocumented workers in 1987-1988 (Metz, 1989). This population is one possible source of connections between Mexico and the United States. We predict that individuals with these ties and those with favorable impressions of the U.S. and its people will be more apt to support free trade.

Expected opposition to free trade will come from those with reservations about how U.S. businesses will treat Mexicans and from those who feel the U.S. has too much influence over Mexico. Also Mexicans who have been deported from the U.S. may harbor ill feelings. It has been estimated that between four and twelve million Mexicans have been deported from the U.S. (Metz, 1989).

Mexicans with a U.S. connection may be more capitalistic in their thinking and less nationalistic. Through travel, they or their relatives may have observed and/or experienced firsthand the advantages of economic prosperity associated with the U.S. and are anxious for change.

Political attitudes

We expect those who favor the administrations of Salinas and former U.S. President George Bush to be more pro-free trade. Salinas represents a shift from previous PRI administrations, and free trade is very closely associated with his "Solidarity" policies of privatization, modernization and public works programs. The Bush Administration was also linked to free trade, and took a political gambit to push for NAFTA prior to the November 1992 election.

Centeno and Maxfield (1992) reported Mexican political elites (*tecnoburócratas*) to be typically urban, middle to upper class with U.S. schooling and with credentials in economics. This fits the profile of Harvard-educated Salinas. Those Mexicans identifying with his persona and who feel Salinas is doing a good job are likely to be free trade supporters.

Methodology

Los Angeles Times Survey

The *Los Angeles Times* (1991a) poll used in this study is the 258th survey in a series of studies developed to measure public attitudes on critical issues. Face-to-face interviews consisting of over 70 questions were conducted with 1,546 adult Mexicans in their homes from September 11 through October 2, 1991. The survey was conducted at 189 locations with 61 municipios (equivalent to counties) in Mexico. The sample was chosen from a list of all municipios, proportionate to population size. Respondents were initially selected randomly and controls were established to ensure proper distribution by sex, age, and labor force. The survey was supervised by Belden & Russonello, Inc., a Washington, D.C. based research firm specializing in surveys of Latin America. Field work and consultation were provided by the Mexican polling concern of Prospectiva Estrategica, A.C. of Mexico City. (*Los Angeles Times*, 1991a) Question responses are on a four-point Likert scale. The original results of this survey were published as "Mexico: Progress and Promise" in the *Los Angeles Times* (1991b). Our research adds value by applying multivariate statistical techniques to the data supplied by the *Los Angeles Times*.

Operational Definition of Free Trade

Support for free trade is measured by the proxy variable "Are you in favor or opposed to the free trade agreement between Mexico and the United States, or have you not heard enough about the proposal to say?" The four-point Likert scale uses 1=totally favor (20% of the respondents chose this answer), 2=somewhat favor (41%), 3=somewhat oppose (9%) and 4=totally opposed (6%). Approximately twenty-four percent of the sample did not answer this question.

Missing Observation and Non-respondent Biases

T-tests on differences of means regarding free trade support (the dependent variable) were performed for all independent variables where more than 7.5% of the 1,546 respondents (i.e., more than 100 people) did not answer the question. Of the eleven variables in this group, only the job creation and approval of Salinas' economic job variables showed significance between respondents and non-respondents. In both cases, non-respondents are less likely to support free trade. Given the size of the sample and the relatively small missing value cases, we felt the missing observation bias was minimal for the independent variables.

On the other hand, t-tests between respondents and non-respondents on support for free trade (the dependent variable) show significant non-respondent bias

Table 2
Demographic Characteristics of the Sample

Demographic Variable	Socioeconomic Index			Row Totals	
	Low	Medium	High		
Gender (n=1543)					
Men		25.7	16.0	7.3	49.1
Women		27.4	17.0	6.5	50.9
				100.0	
Education (n=1514)					
None		6.1	1.3	1.2	7.5
1-6 years		22.7	9.0	2.8	34.5
7-9 years		11.3	7.7	2.4	21.4
10-12 years		8.2	6.7	2.6	17.4
13-17 years		4.3	7.7	5.1	17.0
more		.5	.8	.8	2.1
					100.0
Age (n=1538)					
18-24		12.9	7.9	3.3	24.0
25-29		10.1	58.8	2.9	18.7
30-39		10.9	7.0	2.9	20.9
40-49		8.5	5.7	2.8	17.0
more		10.9	6.4	2.1	19.4
			100.0		
Family Income (in Pesos, n=1241)					
nothing		.6	.2	.1	1.0
1-150k		1.2	.4	.2	1.8
150-300k		10.2	1.5	.4	12.2
300-600k		20.6	5.8	1.4	27.8
600k-1.5m		14.0	12.7	1.9	28.6
1.5-2.5m		2.7	6.5	3.5	12.7
2.5-4m		.7	4.2	2.9	7.8
more		.7	3.0	4.4	8.1
					100.0

Statistics shown are percentages. Row and column totals may not add up due to rounding.

on age, gender and education, similar to studies reported by Durand and Lambert (1988). Non-committal respondents to the dependent variable are more likely to be older, female and less educated. Also, those who "don't know," are "unaware," or "refuse to answer" tend to have less income, and are more pessimistic about Mexico's economy and their own personal financial state. The effects of the non-response bias are potentially complex, and one could argue that these individuals would be less supportive of free trade.

Characteristics of the Data

Table 2 shows a breakdown of the 1546 respondents according to their socio-economic background. Through cluster sampling, the *municipios* (counties) were chosen to provide variation by socio-economic status. About 53.1 percent of the subjects were identified as living in a low socio-economic area, about 33.1 percent in a medium area and 13.8 percent high. The sample is 49.1% male and 50.9% female. Almost 42.0% have 6

years or less of education, 42.7% are 29 years old or younger and 42.8% have family income of 600k pesos (about \$200) per month or less. The sampling design took precautions to insure these sample statistics reflected the general population.

Results

Table 3 presents the correlations among all the variables examined the study. Table 4 displays the results of a stepwise regression of interval variables using approval of free trade as the dependent variable (again, using a four-point Likert scale). Of those who expressed an opinion, 80.4% were either somewhat or totally in favor of free trade while 19.6% were either somewhat or totally opposed. Carlsen (1992) found similar free trade support (84% of public and 85% of management) in a survey of 313 Mexicans. Eliminated from our analysis were 369 respondents who did not have an opinion or refused to answer. The included independent variables are demographic, economic, and

TABLE 3

CORRELATIONS

Variables	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	
1. FREETRADE																									
2. EDUCATION	-.15 ^a																								
3. INCOME	-.19 ^a	.56 ^a																							
4. SES	.18 ^a	-.34 ^a	.53 ^a																						
5. AGE	.03	-.34 ^a	.08 ^a	.01																					
6. GENDER	.03	-.13 ^a	.05 ^b	.02	.02																				
7. GOING	.20 ^a	-.12 ^a	.09 ^a	.06 ^b	.12 ^a	.06 ^b																			
8. ECONOMY	.12 ^a	.01	.00	.05 ^b	.08 ^a	.01	.32 ^a																		
9. FINANCES	.23 ^a	-.17 ^a	.14 ^a	.14 ^a	.20 ^a	.04	.24 ^a	.23 ^a																	
10. FUTURFIN	.23 ^a	-.23 ^a	.15 ^a	.09 ^a	.19 ^a	.12 ^a	.22 ^a	.20 ^a	.55 ^a																
11. TRADEOFF	-.06 ^b	-.06 ^b	.04	-.02	.00	-.04	.00	.03	.02	.04															
12. UNION	-.06 ^b	.16 ^a	.08 ^a	-.11 ^a	.02	-.09 ^a	-.02	-.02	-.00	.02	.03														
13. QUALITY	.41 ^a	-.08 ^a	-.11 ^a	.12 ^a	.06 ^b	.04	.16 ^a	.13 ^a	.19 ^a	.25 ^a	-.00	.02													
14. MOREJOBS	.44 ^a	-.10 ^a	-.13 ^a	.11 ^a	.03	.04	.05 ^b	.06 ^b	.15 ^a	.14 ^a	.07 ^b	-.00	.48 ^a												
15. ABROAD	-.15 ^a	.26 ^a	.43 ^a	-.29 ^a	.05 ^b	-.10 ^a	-.04	-.02	-.09 ^a	-.11 ^a	.02	.01	-.11 ^a	-.11 ^a											
16. MOVEUS	.01	.00	-.01	-.04	.10 ^a	.07 ^a	-.07 ^a	.02	.06 ^a	.02	.01	.02	.04	.04	-.09 ^a										
17. RELATIVES	-.04	.04	.06 ^b	-.06 ^a	-.06 ^a	.03	.05 ^b	.02	-.00	-.01	-.05 ^b	.00	-.02	-.08 ^a	.21 ^a	-.16 ^a									
18. USIMP	.27 ^a	-.03	-.05	.02	.02	.05 ^b	.13 ^a	.15 ^a	.13 ^a	.13 ^a	-.02	-.01	.19 ^a	.11 ^a	-.11 ^a	.09 ^a	-.04								
19. BUSTREAT	.23 ^a	.02	.03	-.02	-.01	.06 ^b	.10 ^a	.20 ^a	.16 ^a	.15 ^a	.02	-.03	.21 ^a	.15 ^a	-.12 ^a	.15 ^a	-.04	.22 ^a							
20. INFLUENCE	.11 ^a	.12 ^a	.08 ^a	-.03	-.02	-.03	.13 ^a	.13 ^a	.07 ^a	.06 ^a	-.03	-.02	.10 ^a	.07 ^a	-.02	.12 ^a	-.00	.13 ^a	.23 ^a						
21. IMPAMER	.16 ^a	-.11 ^a	-.11 ^a	.13 ^a	.00	.13 ^a	.02	.07 ^a	.09 ^a	.11 ^a	.02	-.04	.14 ^a	.13 ^a	-.19 ^a	.11 ^a	-.04	.23 ^a	.30 ^a	.10 ^a					
22. SALINJOB	.40 ^a	-.12 ^a	-.17 ^a	.12 ^a	.05 ^b	-.01	.25 ^a	.22 ^a	.25 ^a	.24 ^a	.05 ^b	-.01	.31 ^a	.30 ^a	-.11 ^a	.04 ^b	-.06 ^a	.26 ^a	.21 ^a	.15 ^a	.09 ^a				
23. SECOJOB	.39 ^a	-.12 ^a	-.16 ^a	.10 ^a	.04	.02	.29 ^a	.24 ^a	.26 ^a	.26 ^a	.02	-.00	.29 ^a	.25 ^a	-.12 ^a	.03	-.02	.21 ^a	.24 ^a	.17 ^a	.10 ^a	.66 ^a			
24. BUSH	.27 ^a	-.04	-.05	.04	-.00	.00	.22 ^a	.12 ^a	.18 ^a	.13 ^a	.04	.04	.20 ^a	.13 ^a	-.08 ^a	.04	.00	.45 ^a	.18 ^a	.09 ^a	.17 ^a	.21 ^a	.21 ^a		
25. RELATION	.24 ^a	-.13 ^a	-.13 ^a	.10 ^a	.02	.08 ^a	.10 ^a	.04	.07 ^a	.17 ^a	.01	-.01	.19 ^a	.21 ^a	-.10 ^a	-.06 ^b	-.02	.09 ^a	.12 ^a	-.07 ^a	.07 ^a	.16 ^a	.17 ^a	.11 ^a	

a p ≤ .01, two-tailed test

b p ≤ .05, two-tailed test

political factors as well as those variables defining "connectedness" to the United States. Corrected R² is 37%.

By far, the leading predictor for receptivity of foreign investment is the Mexican expectation that free trade will create more jobs for Mexicans. This variable by itself explained over 19.5% of the variance. Beyond job creation, another economic variable in the regression is the Mexican perception that free trade will generate greater access to quality goods and services. Also as expected, there is an environmental tradeoff. Concerns about potential pollution problems had a negative impact on feelings about free trade.

Union members are more likely to favor than oppose free trade. Excluded from the stepwise regression analysis are the economic well-being linkages of current and future finances.

Once the socio-economic status variable is included in the regression, other demographic variables (i.e., gender, age, education and income) did not significantly explain more of the variation. Peterson et al. (1989) also found inconclusive evidence about the relationship between age, gender and capitalistic sentiments. The non-response bias may have prevented these demographic variables from entering the stepwise regression equation.

Four "connectedness" variables are included in the regression: a positive impression of the U.S., the view that Mexican-U.S. relations are improving, a positive opinion of Bush and confidence that Mexicans will be treated fairly by U.S. businesses. Travel to the U.S.,

Table 4
Stepwise Regression of Free Trade Support

Included Variables	B	SE B	Beta	T	Sig T	Adj. R ²	Change
More Jobs for Mexicans	.280	.033	.258	8.41	.0000	.195	---
Salinas' Economic Job Impression of U.S.	.208	.053	.140	3.92	.0001	.280	.085
Access to Quality Goods	.140	.045	.093	3.08	.0022	.309	.029
Socio-Economic Status	.138	.032	.135	4.32	.0000	.330	.021
Mex/U.S. relation improve	.096	.031	.082	3.08	.0021	.340	.010
Impression of Bush	.107	.033	.087	3.21	.0014	.348	.008
Environment Tradeoff	.131	.040	.098	3.28	.0011	.354	.006
Salinas' Job Approval	-.167	.051	-.086	-3.28	.0011	.360	.006
Treatment by U.S. business	.140	.046	.110	3.03	.0026	.365	.005
Union Membership	.053	.025	.059	2.11	.0350	.368	.003
(Constant)	.141	.069	.054	2.05	.0406	.370	.002
	-.396	.151		-2.63	.0087		
R Square	.37827						
Adjusted R Square	.37072						
Standard Error	.66349						
Analysis of Variance							
	DF	Sum of Squares	Mean Square				
Regression	11	242.66276	22.06025				
Residual	906	398.84212	.44022				
F =	50.11153	Signif F =	.0000				

having relatives living in the U.S., U.S. influence over Mexico and plans to move to the U.S. were all excluded from the stepwise regression.

Political variables include Salinas' economic job performance as well as his overall job approval rating. This shows how closely Salinas is identified with free trade negotiations.

Discussion and Conclusions

The results show that economic and political considerations have a primary influence on Mexicans' perceptions of free trade, and that a strong climate of business receptivity exists among Mexicans. The current socio-political stability works positively in the creation of a favorable business climate and is a sign of decreasing investment risk (Fatehi-Sedeh & Safizadeh, 1988).

Since older Mexicans are no less supportive of free trade than younger Mexicans, this could imply the support is broad-based and non-intergenerational. However, the non-response bias of older Mexicans may weaken the significance of this result.

With respect to gender, our research provides no evidence for either the exploitation or the integration theses. Women are just as supportive of free trade as men. However, men do have stronger feelings in either direction (Chi square = 11.79, $p < 1$). Further research would be needed in order to explain men's bimodal sentiments about free trade.

One's current feelings about the economy, how the economy in Mexico is going, and one's future finances were not significant, especially after the variable measuring approval of Salinas' economic policies is included. This implies that the individual's situation is not as important as the belief in Salinas and his economic policies.

More complicated is the result with unions. Our analysis shows union members favoring free trade more so than non-union members. Pragmatism concerning job creation appears to complement nationalistic concerns. The only organized labor input to the free trade negotiations has come from Mexican trade unions who have promised to support the agreement (Darling, 1992a). While there has been some organized union support, there exists dissident unions who are not as closely associated with PRI.

Favorable impressions of the U.S. and Bush, feelings that U.S.-Mexican relations are improving, and attitudes that U.S. businesses will treat Mexicans fairly all are linked to support of free trade. Our research suggests that strategic managers who work towards validating and nurturing these perceptions will help create a favorable

climate for transnational business investment.

The human relations implications for managers include the importance of U.S. businesses engaging in socially responsible behavior and being aware of Mexicans' sensitivity to U.S. hegemony. Mexicans have a high desire to be treated fairly by U.S. businesses, and those U.S. businesses who do invest in Mexico need to set the tone to guarantee the success of Salinas' economic transformation and to enhance their own future in Mexico.

Our study also indicates how strategic managers must meet Mexican expectations to succeed. For example, planners must be aware that Mexicans feel strongly about their environment, and are willing to tradeoff jobs to reduce pollution.

Strategic managerial implications suggest transnational investment decision making depends on business receptivity and willingness to provide long-term guarantees of stability by the host country. Mexican pragmatism towards job creation and access to quality goods and services have spread under the leadership of Salinas. Compared to Mexico's past socialist and protectionist philosophies, Mexico's participation in the free trade negotiations represents a dramatic turnabout in Mexican attitudes towards capitalism and free trade.

This article provides evidence of the importance of viewing free trade in terms of its perceived ability to enhance the economic livelihood of Mexico. This includes the development and implementation of global operations strategies that embody realistic sourcing and location decisions. The desire of Mexicans for higher quality goods and services also has implications for expanding markets in terms of plant and warehouse location decisions.

In sum, perceived economic opportunities provide the strongest rationale for supporting free trade, and that global strategic managers wanting to invest in Mexico need to be cognizant of Mexican attitudes toward job creation, the environment and a sense of "fair play."

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