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Trade and Investment Policy Preferences and
Public Opinion in Mexico

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Abstract

Individual policy preferences are crucial long-run determinants of economic policy in democratic states. We analyze the preferences of ordinary Mexican citizens toward economic globalization using a new and unprecedented national-level public opinion survey: México y el Mundo/Global Views 2004. We examine preferences regarding two distinct dimensions of economic policy: international trade and foreign investment. We find weak support for the dominant economic models of policy preference formation, which posit that preferences are a straightforward function of relative economic advantage. We find strong support for the effect of non-economic values on trade and investment policy preferences. We also find some support for retrospective and sociotropic theories of attitude formation.

Resumen

Las preferencias de políticas individuales son determinantes críticos a largo plazo de la política económica en Estados democráticos. Nosotros analizamos las preferencias del público mexicano, en torno a la globalización económica, usando un estudio de opinión pública nuevo y sin precedentes a nivel nacional: México y el Mundo/Visiones Mundiales 2004. Examinamos las preferencias de dos dimensiones diferenciadas de la política económica: el comercio internacional y la inversión extranjera. Encontramos apoyo débil para los modelos económicos dominantes que explican la construcción de preferencias de políticas, que enuncian que las preferencias son una función directa de la ventaja económica relativa. Nuestro estudio demuestra un fuerte apoyo para el efecto de valores no económicos sobre las preferencias de políticas comerciales y de inversión. También encontramos cierto apoyo para teorías retrospectivas y sociotrópicas de formación de actitudes.

Introduction

In many developing countries, governments liberalized trade and investment policies in the 1980s and 1990s, opening these economies to international trade and investment flows as part of thoroughgoing economic reforms intended to restructure their economies. Trade liberalization was to increase competition with protected domestic industries, force restructuring to increase export competitiveness, enhance the productivity of import competing industries, and provide consumers with more and better product choices.

The trade exposure of many of these economies increased dramatically, as did their foreign exchange earnings from exports. The trade exposure of developing countries grew to 60% of GDP in 2004, from 34% in 1980. Their exports grew 246% over the same period. At the same time, governments liberalized laws restricting foreign direct investment (FDI) to attract capital from foreign firms, aiming to promote competition within previously sheltered industries, increase overall employment, develop the export potential of the economy, and benefit from knowledge spillovers (Williamson 1990). Net inflows of foreign direct investment to developing countries grew from \$9.6 billion in 1980 to \$151.8 billion in 2004.

Economic opening occurred in many countries under authoritarian or newly democratic governments. In many cases, public opinion supported these changes, although in many others it did not (Stokes 2001). Nevertheless, the benefits of economic reform and international opening are increasingly questioned within the developing world, and particularly in Latin America, as the promised benefits of sustained economic growth have not been realized (Williamson 2003; Broad and Cavanagh 1999). International NGOs have organized protests at the sites of recent international trade negotiations arguing that free trade as currently practiced within the World Trade Organization (WTO) is not really free and is not benefiting poor countries or majorities of their citizens (Foreign Policy 2000). Some left-leaning governments and opposition political leaders in Latin America are openly challenging the premise that international opening will improve the growth prospects of developing country economies (BBC News World Edition 2005). Yet, liberal trade and investment policies remain quite popular among the general population in Latin America, and particularly so in Mexico (Baker 2003; González, Minushkin *et al.* 2004).

In this article, we examine support for and opposition to free trade and liberal foreign investment policy in Mexico. We rely on two data sources: individual-level public opinion data drawn from the recent México y el Mundo/Global Views 2004 survey, and aggregated sub-national data from the 2000 Mexican Population and Household Census, mainly at the municipal

level.¹ The *México y el Mundo* survey has an exclusive emphasis on international issues, including eighteen distinct questions on trade and investment. It thus provides more finely tuned measures of trade and investment policy preferences than do more general surveys on political attitudes or social values that typically include only one or two relevant questions.

Most research on trade policy preferences (TPPs) in developing countries use cross-national public opinion data, such as the World Values Survey, the International Social Survey Programme, or one of the regional Barometer surveys such as Latin Barometer or Africa Barometer. By using a single country survey with many different questions on the topic of interest we are able to avoid the many pitfalls of cross-national research. First, a single country study more effectively controls for the national-level trade and investment policy environment that may influence preferences than even the most carefully constructed measures of policy orientation.

Second, we analyze a country with extreme levels of social and economic inequality.² Thus, we regain the variation that others achieve through cross-national research, by combining individual level responses with locality averages for social and economic indicators from census data. This strategy is also more finely tuned than using country averages, as is done in cross-national studies.

Third, cross-national survey research is plagued by methodological problems (King, Murray *et al.* 2004). Question translation for multi-country surveys is an inexact science. Few, if any, studies have the financial resources to test extensively all of their questions through focus groups to ensure that the respondents in different countries understand the question in the same way. Even fewer researchers adjust responses to account for interpersonal or cross national differences (King, Murray *et al.* 2004). In some countries, respondents are systematically more likely to answer a question than to respond that they “don’t know”,³ are more likely to assign a higher numerical value in their responses, and are more likely to insist on volunteered responses, which are generally not coded accurately, than are respondents in other countries. Survey methodologies in different countries are frequently not equivalent and researchers do little or no testing to estimate the mode effects of the different methodologies.⁴ Using public opinion data from a single country attenuates these problems considerably, on the assumption that

¹ *México y el Mundo* is the first major survey of Mexican public opinion to focus exclusively on international affairs. For complete details on the survey see: (González and Minushkin 2004).

² Mexico is notoriously for its levels of inequality by any measure. Its GINI coefficient of .546 ranks it as the world's 16th most unequal country World Bank (2005). World Development Indicators.

³ Chicago Council on Foreign Relations (2004)

⁴ The *World Values Survey*, for example, does not use a single survey methodology across all countries.

individual responses within a single country are more readily comparable due to a shared social, cultural, and political context.⁵

Finally, and particularly relevant for developing countries, many cross-national surveys use telephone interviews in countries in which telephone diffusion is extremely low and positively correlated with socioeconomic levels, controlling for such distortion using quotas in the final stage of the multistage sampling process. The México y el Mundo survey used face-to-face home-based interviews, weighting only to adjust for gender and age.⁶

Theoretical Perspectives.

This paper examines trade and direct investment policy preferences because they are the two pillars of an open economy. While there is a very large literature in economics and international political economy on trade policy preferences using standard economic models of international trade (Rodrik 1995), the literature on direct investment is much more limited.⁷ Yet, the trade models do have testable implications for preferences over investment flows that analysts have not exploited either theoretically or empirically in the literature on economic globalization and public opinion.

Trade and investment are clearly different animals. Thus, we spend considerable effort in extending standard trade theory to identify winners and losers from investment policy. However, typical theories of trade preference formation are not logically specific to trade. That is, we should expect most theories of trade preference formation to hold also for investment preferences, with appropriate adjustments. Thus, by examining both trade and investment policy preferences, we open up a new dimension of empirical tests.

The existing literature on TPPs proposes three types of explanations for TPP's, economic, political, and cultural. Economic explanations are methodologically individualist and generally posit behavior based on rational expectations. Simply put, individuals form their policy preferences based on

⁵ The *México y el Mundo* survey did some, but not extensive, pre-testing of its questionnaire, as in most social science surveys. While the single country survey does correct for cross-national differences, interpersonal differences in understanding questions and responses are not adjusted for in the data analysis (Brady 1985).

⁶ Weights are included in the *México y el Mundo* dataset to adjust the data to reflect actual population percentages by age and gender as well as to correct for over-sampling of three Mexican regions. The differences between the weighted and un-weighted frequencies for the demographic variables are minimal. All models using regional variables include the relevant regional weighting. For more information on the *México y el Mundo* survey methodology, please consult the official project website, <http://mexicoyelundo.cide.edu>.

⁷ A relatively recent contribution is Scheve and Slaughter (2004). They argue that FDI and labor are substitutes, at least in wealthy countries where the globalization of production generally means an increase in firms' elasticity of demand for labor. However, Pinto (2005), argues that FDI and labor are complements in developing countries because the globalization of production and FDI generally lead to an increase in this elasticity and also a shift outward in the labor demand curve, particularly for unskilled labor, which already faced great elasticity in demand for its use.

the expected average performance of people like themselves: those most likely to benefit from trade liberalization tend to support it.

The most prominent economic account of TPPs is based on the Heckscher-Ohlin (H-O) and Stolper-Samuelson (S-S) factor endowment models of international trade. H-O and S-S show that under very general conditions,⁸ international trade will tend to benefit the owners of factors of production (labor, land, or capital) in which a country is relatively abundantly endowed, while harming the interests of owners of relatively scarce factors. Thus, individual TPPs, as revealed by responses in public opinion surveys, should vary according to factor ownership.⁹ Empirical evidence in a variety of cross-national surveys supports the HO-SS model, although there is some significant disagreement in the literature (Rodrik 1995; Scheve and Slaughter 2001; Baker 2003; Baker 2005; Mayda and Rodrik 2005).

Mexico, like most developing countries, is capital scarce and abundant in unskilled labor relative to wealthier countries. Mexico is also relatively land abundant. Thus, we should expect the TPPs of Mexicans to vary inversely with their level of skill: on average, workers that are more skilled will tend to have more negative attitudes toward trade openness than less skilled workers do. Land ownership, or rural residence used as a rough proxy for land ownership, should also be positively associated with pro-trade attitudes.

Although we are not aware of any work that extends the H-O & S-S derived insights on TPPs to foreign direct investment policy preferences (FDIPPs), the logic is relatively straightforward.¹⁰ Research on foreign direct investment argues that labor should be considered complementary to foreign direct investment in developing countries (Pinto 2005; Domínguez 1982). Nevertheless, Scheve and Slaughter (2004) argue that foreign direct investment increases labor-market volatility by increasing the elasticity of labor's demand curve through a substitution effect. Following Pinto, we argue

⁸ The key assumption of the H-O and S-S models is that factors move costlessly across sectors.

⁹ Ideally, such surveys would ask respondents questions on their not only income and education levels, which indicate whether they are skilled or unskilled laborers, but also whether they own a company or land, which would identify the respondent as a capital or land owner in addition to an owner of labor. Unfortunately, we are not aware of any survey that does so, and even if there were such surveys, the number of respondents who were company owners in developing and wealthy countries or agricultural landowners in wealthy countries would likely be quite small. Scheve and Slaughter (2001) does include data on home ownership from the National Election Survey in the United States. However, this variable is used to determine whether asset price increases influence policy preferences because of their effect on purchasing power and not whether capital owners' preferences differ from those who possess only their labor power. In developing countries where the percent of the population working in agriculture is typically much higher than in wealthy countries, many rural residents do own agricultural land, on which they use their labor power to produce crops for domestic and international markets. Although survey questionnaires generally do not ask whether the respondent is an owner of agricultural land, most surveys do include some type of measure of whether the respondent's locality is rural or urban. Since many rural residents in such countries are agricultural landowners, rural residence can be used as a somewhat inexact proxy for land ownership as well as agricultural labor. A recent contribution to the literature that does operationalize land is Baker (2005).

¹⁰ Rudra (2002) argues that the logic of the H-O/S-S model can be applied to capital flows, arguing that in developing countries, low-skilled labor will benefit from foreign capital flows. Deardorff and Stern (2002) makes a similar argument on who wins and loses from economic globalization.

that in developing countries the relative magnitude of the substitution effect is small compared to the size of outward shift in the already elastic demand for relatively unskilled labor, which is presumably the sector of the labor market that multinational enterprises would be seeking to exploit in a labor abundant/capital scarce country.

Foreign direct investors in countries with relatively open economies who seek to export their products or compete successfully against imports into the country should invest to exploit the factors in which the country is relatively abundant. In a developing country, foreign direct investors are likely to make intensive use of relatively unskilled labor, and in the case of a land abundant country, invest in agricultural land. They compete with domestic capital because their investment has the effect of lowering investment returns over the long run. Thus, unskilled laborers and agricultural landowners and workers should reveal positive attitudes toward foreign direct investment policies. Skilled labor and capital owners should reveal negative attitudes.

A second explanation of TPPs is derived from the Ricardo-Viner (R-V) specific-factors model of international trade. Although we cannot test the R-V model in this paper because our data source does not include questions on sector of employment, we believe it is important to specify the testable implications of R-V, especially with respect to FDIPPs.

R-V assumes that factor incomes depend on the cost of redeploying the factor in another sector rather than on whether they are abundant or scarce in the aggregate economy. All things equal, those factors used in export-oriented sectors will benefit from trade and trade will hurt factors used in import-competing sectors. Once again, TPPs are shaped by average and expected benefits: both owners and workers in export-oriented sectors will reveal more positive attitudes toward international trade than their counterparts in import-competing industries will. Some recent research does provide support for R-V predictions, particularly for individuals who are evaluating trade's short- and medium-term impact (Mayda and Rodrik 2005).

Extending R-V to foreign direct investment policy preferences is also relatively straightforward. If labor complements foreign direct investment, skilled and unskilled labor will favor it, but unskilled labor should be more positive than skilled labor because it is presumably less specific than is skilled labor. If foreign investment substitutes for labor because of its technological or logistic productivity in the provision of a service which is not internationally tradable, such as when it involves the purchase of an existing domestically-oriented service or public utility industry, skilled and unskilled labor will oppose it. Opposition from skilled labor will be much stronger than the opposition from less specific unskilled labor. Capital owners in developing countries can be expected to oppose foreign direct investment since it will lower their return on investment over the long-run, but those capital owners with less specific assets, such as those in internationally traded services

sectors or whose businesses focus on exports will be less likely to oppose it than other capital owners.

A third approach to explaining TPPs is the human capital model (HC). The HC model posits that under the volatile and rapidly shifting market conditions of economic liberalization, highly skilled workers will be less sector and job specific than individuals lower in human capital. Thus, highly educated, skilled respondents should be more pro-trade than would their less-skilled counterparts (Gabel 1998; Baker 2003; Baker 2005).

The HC logic extends easily to investment policy preferences. Skilled labor, as measured by educational level, in all industries will favor foreign direct investment. Unskilled labor, also measured by educational level of the specificity of their job-related skill set will also benefit from foreign direct investment to the extent that it creates a greater demand for labor. However, skilled and unskilled workers in industries where foreign direct investors in the industry have a higher technological level and use relatively less labor than do domestic competitors and where the industry does not compete with imports, such as in many service and public utility industries, will oppose foreign direct investment in their industry because it will reduce demand for labor in their industry.¹¹ Relatively unskilled in these industries will be more likely to oppose this investment than will be relatively skilled workers who are more able to move between sectors.

A relatively new economic model of TPPs is (Baker 2003; Baker 2005) consumption-based approach, which accounts for the relative popularity of free trade policies in Latin America despite the generally anemic regional employment picture of the 1990s. Quite apart from its employment effects, trade opening has introduced a wider selection of consumer goods at lower prices than were previously available, especially in small, highly protected economies. Since imports and import-competing goods form the largest share of the household budgets of middle class consumers, individual income and trade preferences should exhibit a quadratic relationship, reaching its maximum at intermediate levels of income.

Although this model should hold across the board, one would expect the effects to be somewhat weaker in large, highly diversified economies, which are in a better position to supply a variety of consumer goods under protected conditions. Thus, Mexico is not the ideal developing country context for testing this theory. Nevertheless, even in Mexico, one would expect that the public values the consumer benefits of free trade.

Foreign direct investment policy preferences are not easily derived from the consumption theory of trade policy preferences. However, to the extent that foreign direct investment serves domestic, rather than export markets, the same patterns of support as for trade policy preferences should hold.

¹¹ This implication is not tested because of the lack of our lack of sectorial employment data.

Middle class individuals should most strongly favor foreign direct investment. The poor will also favor it, but to a lesser degree than do those in the middle class. The rich are more likely to be neutral toward foreign direct investment, based on FDI's consumption effects.¹² When foreign direct investment is export-oriented, the consumption theory does not provide any predictions. In this case, earnings power effects, rather than the consumption effects, should predominate.

The next type of explanations for trade policy preferences are those that come from the political science literature on voting. The common factor in these explanations is that they relate individual assessments of past events to current preferences. Unlike the economic explanations above that emphasize the effects of trade policy on individuals' future earnings or consumption, these explanations focus on past performance in determining current preferences.

The first of these explanations comes from the literature on retrospective voting where individuals make their voting decisions based on the pocketbook and how it has improved or deteriorated since the last elections. If it has improved, they are likely to vote for the party or candidate in power and support existing policies, if it has deteriorated, they are likely to vote of an opposition party or candidate and oppose existing policies (Fiorina 1981; Lewis-Beck 1988; Stokes 2001).

A variant of the retrospective voting explanation is that of the sociotropic policy evaluation that emphasizes whether an individual believes that an existing policy or candidate has benefited a collectivity rather than the individual. Instead of voting the personal pocketbook, sociotropic policy evaluations focus on gains and losses to the national economy. If the individual believes that a policy has benefited the country's economy, then he is likely to approve of the policy and government that implemented the policy (Kinder and Kiewiet 1981; Weyland 2003).

Finally, another variant in this type of explanation includes the specifically political variables of political loyalties and/or presidential approval. If an individual shares the political loyalties of the party or president in power, then they are more likely to believe that a particular policy has benefited either them or their collectivity than individuals with different political loyalties. The same logic applies to presidential approval. If an individual approves of the president in power, then he is more likely to believe that a particular policy is beneficial to his pocketbook or to the country in general (Kaufman and Zuckermann 1998).

Translating retrospective, sociotropic and political loyalties/presidential approval assessments to trade policy preferences follows directly from the

¹² Baker (2003), argues that the consumption model competes with factor-based models. He modified this view in Baker (2005) to argue that the consumption effects of free trade should be seen as an extension of H-O models when consumer tastes are non-homothetic.

literature on support for economic reform (Kaufman and Zuckermann 1998; Stokes 2001; Weyland 2004). In the retrospective variant, if an individual believes that his personal economic situation has improved over the previous period, generally the past year although sometimes over the relevant political period, then he is more likely to approve of existing trade or investment policy. In the sociotropic variant, if an individual believes that the country's economy is doing better than in the previous period, then he is more likely to approve of existing trade or investment policy. In the political loyalty/presidential approval variant, if an individual shares the political loyalties of the government in power and/or approves presidential performance, he is more likely to approve of existing trade or investment policy, if the incumbent government or president supports such policy. He is more likely to disapprove if the incumbent government or president opposes the current policy.

The third type of explanation for trade policy preferences, is cultural and relates individuals' values and identities to their policy preferences. Like the previous type of explanation, this one is non-economic, but also non-political. Rather, deeply held beliefs about "who is us" and the desirability to keeping the two separate and distinct as well as beliefs about the how the international system functions determine international trade and investment policy preferences (Burton, Bloch *et al.* 1994; Gabel 1998; Seligson 1999; O'Rourke and Sinnott 2001).

Two recent articles on TPPs include such variables (Mayda and Rodrik 2005; Wolfe and Mendelsohn 2005), finding, in general terms, that two types of variables have significant influences on preferences. The first type relates to an individual's sense of belonging to a local or national community and his pride in that community. The stronger the sense of local or national patriotism, the more likely is a respondent to oppose his country's international trade and trade agreements.

The second type of attitudes variables relates anti-American attitudes to protectionist feelings. The logic is that the current international trading system and pressure on countries to liberalize their trade is an expression of U.S. power. Those who oppose U.S. power are thus more likely to favor protectionism to limit U.S. dominance over their country. Thus, individuals who express anti-American attitudes are more likely to oppose international trade and their country's trade agreements and more likely to oppose liberal foreign direct investment policies.¹³

¹³ This effect should be especially strong in those countries with very high trade dependence on the United States, such as Canada (Wolfe and Mendelsohn (2005) and Mexico, the case used in this article.

Data, Measurement, and Methodology.

Following common practice in the comparative public opinion literature, we use a combination of individual-level survey data and aggregated data, in this case at the level of the municipality. All individual-level data in these analyses comes from México y el Mundo/Global Views 2004, a nationally representative, face-to-face survey of 1500 Mexican respondents aged 18 or older that was conducted from July 9 - 19, 2004. The sampling methodology was a stratified, multi-level cluster design, subsequently weighted for age and gender. Aggregated data at the level of the municipality is drawn from Mexico's 2000 Census of Population and Households (Instituto Nacional de Estadística Geografía e Informática 2000).¹⁴

To analyze variation in Mexican attitudes to trade, we use a single binary variable of approval/disapproval toward the North American Free Trade Agreement (NAFTA): "Mexico has signed free trade agreements with various countries. Are you in favor or opposed to the free trade agreement with the United States and Canada?"¹⁵ This question text differs markedly from the far more general questions about trade attitudes typically found in the literature on TPPs. We see this difference standing in our favor.

NAFTA is among the world's most important and most salient trade agreements. Trade within NAFTA is 74% of Mexico's total trade, 97% of which is with the United States (Presidencia de la República 2005). Mexicans may not know many of the treaty's details, but virtually everyone knows what it is and for many, if not most, Mexicans, international trade, or free trade, means trade with the United States. The salience of the treaty should serve to decrease the "noise to signal" ratio vis-à-vis more nebulous questions about general attitudes to trade. Moreover, NAFTA has had an enormous effect on the Mexican economy and society. Individual Mexicans have had a decade to digest it, witness its effects, and form judgments about its advantages and disadvantages. This experience implies a robust test of retrospective theories of opinion formation: there is a substantial body of elite and popular discourse about the effect of the treaty that average Mexicans can draw upon in forming their attitudes. Finally, the question text for trade used in the most important cross-national dataset, the World Values Survey, suggests very strong framing effects.¹⁶ Although we have several additional questions that ask respondents to evaluate more recently signed trade agreements with the EU and Chile, as

¹⁴ A single variable used in the analysis is drawn from both the 1990 and 2000 population censuses.

¹⁵ "México ha firmado tratados de libre comercio con varios países, ¿está usted a favor o en contra de El Tratado de Libre Comercio con los Estados Unidos y Canadá?" All translations come from the original survey materials. Although NAFTA includes some provisions concerning foreign investment, it both is and is perceived to be, mainly a treaty governing goods and services.

¹⁶ Respondents were asked, "Do you think it is better if: 1. Goods made in other countries can be imported and sold here if people want to buy them; OR that: 2. There should be stricter limits on selling foreign goods here, to protect the jobs of people in this country". World Values Survey (1995-1998). Questionnaire (1995-1998 fieldwork).

well as the proposed Free Trade Area of the Americas (FTAA), we ultimately decided to focus exclusively on NAFTA. The agreements with the EU and Chile are very low-salience in Mexico, due to low trade volumes with both entities.¹⁷ The FTAA, while potentially important to Mexico, appeared to be a dead letter by mid-2004, when the survey was conducted.¹⁸

We take a different approach to analyzing investment. *México y el Mundo* includes seven survey questions that bear directly on investment. One is a general question about the benefits of FDI. The other six ask respondents to assess the suitability of foreign investment across specific sectors, ranging from relatively uncontroversial things like telecommunications to extremely sensitive industries like petroleum.¹⁹ We used all seven questions to construct an additive index, a move that is highly supported by the data, generating a Cronbach's alpha score of 0.85. The index should help to smooth over any particularities associated with individual sectors, while capturing an underlying dimension of attitude toward foreign investment generally.²⁰ The dependent variables are described and summarized in Table 1, with full question wordings in Spanish and English given in Table 4.

To capture the hypothesized effects of the factor endowments and human capital theories, we use a ten-category individual-level education variable (EDUC), which we treat as continuous in all models. If the factor endowment theory holds, education should be negatively associated with support for NAFTA and foreign investment. If the human capital theory were correct, we would expect to see education associated positively with both dependent variables. In addition, we control for the log of the municipal percentage who speak an indigenous language (INDIG), as an additional indicator of human capital. Mexico contains large numbers of people who speak a native indigenous language, and speak Spanish poorly or not at all.²¹ If the human capital story is correct, these people should find themselves especially disadvantaged in an increasingly globalized world. We control as well for the percentage with access to radio, telephone, and television (MEDIA), using the

¹⁷ Trade with the European Union was only \$28 billion in 2004, roughly a tenth of the size of Mexico's trade with the United States and Canada. Trade with Chile was only \$1.9 billion in 2004, Presidencia de la República (2005).

¹⁸ The recent Summit of the Americas in Mar de Plata, Argentina confirms the improbability of a FTAA in the near future. Although twenty-nine of the continent's thirty-four countries agreed to continue working toward an agreement, two of largest countries, Brazil and Argentina, were among those who prefer to not move ahead in the negotiations, at least until the current round of WTO negotiations on agricultural subsidies are completed. The President of Venezuela, Hugo Chavez, arrived at the Summit pledging to bury the FTAA.

¹⁹ Mexico nationalized the petroleum sector in the 1930s and continues to maintain a protected monopoly on exploration, production, and refinement of oil. Private sector participation, both domestic and foreign, in this sector is explicitly prohibited, in any form, by the Mexican constitution.

²⁰ Foreign direct investment in Mexico was \$17 billion in 2004, 50% of which was in manufacturing and 30% of which was in financial services (Instituto Nacional de Estadística Geografía e Informática, Banco de Información Económica).

²¹ Seven percent of Mexico's population five years of age and older speaks an indigenous language, out of which 16% do not speak Spanish. Many indigenous language speakers who do speak Spanish do not do so with native fluency, (Instituto Nacional de Estadística Geografía e Informática 2000).

same census data, in order to control for the possibility that any effects from indigenous language are actually capturing social isolation.

Following Baker's approach to a consumption-based theory of TPPs, we use a seven-category individual income variable and its square (HOUSEINC and HOUSEINC2), once again treated as continuous. On the assumption that a considerable amount of foreign investment in Mexico goes toward production for the domestic market, we include this variable as well in our models of FDIPPs. If the consumption theory is correct, we should expect both terms of the income variable to be significant, with the first order term positive and the squared term negative.

To capture retrospective economic assessments at the individual level, we use two variables: a simple four-category variable that asks respondents to evaluate their economic situation vis-à-vis the previous year (ECONSIT), and a variable that captures employment status (EMPLOY). Individuals who are less pleased with the change in their personal situation, and the unemployed, should be less welcoming to both foreign trade and foreign investment.

We use several variables to capture retrospective assessments that are sociotropic. We are able to follow the existing literature that emphasizes national macroeconomic performance using variables that ask respondents to evaluate the effects of NAFTA on the Mexican economy (MEXECON) and the "living standards of people like you" (LIVESTD). In a sense, the former variable could be considered "more" sociotropic or altruistic than the latter, since it involves no self-regarding criterion while the latter question does. We use both variables in our models of investment policy preferences, but we omit them from models with NAFTA as the dependent variable.²² We anticipate that sociotropic assessments of NAFTA's effects should vary directly with attitudes toward foreign investment.

In addition, we use aggregated data at the municipal level. The rationale is that sociotropic evaluations need not necessarily take the national level as a reference population. Individuals could just as well consider the average economic performance of their own localities or units larger than the nation. Since FDI flows heavily into the manufacturing sector in Mexico, we examine the relationship between the percentage employed in manufacturing (MANU) and FDIPPs. Individuals living in municipalities with high percentages employed in manufacturing should, all else equal, see the benefits of FDI for their communities and have more positive attitudes toward it. At the same time, we control for the municipal percentage unemployed (UNEMPLOY) when modeling both TPPs and FDIPPs, for two reasons. First, high local unemployment is in itself a reasonable basis for a sociotropic assessment. Second, we want to guard against the possibility that any effect we identify for manufacturing

²² To be sure, these variables have large coefficients and increase the model fit dramatically. However, to explain an individual's approval/disapproval of NAFTA based on questions that ask him whether NAFTA has been beneficial for the country or his own social or economic group verges too close to tautology.

employment is not simply an artifact of higher overall employment. Last, we control for change in the municipal percentage in poverty from 1990 to 2000 (for both dependent variables). Individuals living in localities where average income levels have improved over the last decade of liberalization should be disposed to favor more of it. We also test for a global sociotropic effect, by including a variable that asks respondents if the world as a whole is headed in the right direction (WORLDDIR).

Our data includes 100-point “country thermometers” for several nations, including the US (USTEMP), and we use this variable to test for the importance of anti-American views in determining both trade and investment preferences.²³ Although the existing literature has consistently found the attitudes toward the United States have strong effects on TPPs, the issue remains under-theorized. How are these attitudes formed and why do they appear to be so important? In our analysis, we test the importance of various types of interactions that Mexicans have with the US and its citizens to determine if these can account for pro- and anti-American attitudes. Our respondents were asked: 1) if they have family living abroad (FAMILY), 2) if they receive remittances (REMIT), 3) how many trips they have taken outside of Mexico (TRAVEL),²⁴ and 4) if they have regular contact with foreigners at work (CONTACT). Although none of question texts refers specifically to Americans or the US, we believe it is reasonable to that in all four instances the vast majority of respondents would be referring to interactions involving the US. We hypothesize that Mexicans who are more intertwined with Americans and the US, via all these mechanisms, should be more favorable toward both trade and investment.

Scholars of Mexican public opinion have show that rates of Presidential approval have very strong effects on domestic policy preferences, reflecting the centrality of the presidency in the Mexican political system. President Vicente Fox has been a strong and consistent supporter of economic liberalization, the globalization of trade and investment, and closer ties with the US. We therefore include in our analysis a standard variable that asks respondents to evaluate the performance of the President (PRESAPPROV). We expect people who approve of Fox’s performance will tend to favor the policies he supports, net of other factors. With the growth of political competition in Mexico since the early 1980s and the national-level transition of 2000, students of Mexican politics have surmised that party identification will be a growing determinant of policy preferences. We include a 5-valued party id variable (PARTY) with values for each of the three major parties (PAN,

²³ It is worth noting that we found the US (70) in a statistical tie with Japan (69) for the highest thermometer reading out of 12 countries we asked about. Elite discourse to the contrary notwithstanding, Mexicans tend to be quite positive about the United States in general terms, though large percentages express distrust as well.

²⁴ Due to the shape of the distribution, which suggests the influence of outliers, we use the natural log of the travel variable.

PRI, and PRD), a value for other parties, and a value for independents. We anticipate that PAN and PRI supporters will be similar in their policy preferences, while independents, supporters of other parties, and leftist PRDistas will have less favorable attitudes toward both trade and investment.

We test the effects of identity using a survey question that asked respondent to choose the social category with which they identify most strongly: locality/state (e.g. Tabasqueño, Oaxaqueño), Mexican, Latin American, North American, or “citizen of the world” (IDENTITY). Due to the very small number of respondents who chose the last three options, we collapsed these values into a single “cosmopolitan” identity. We have a strong expectation that cosmopolitans will have more positive attitudes toward trade and investment than people who identify primarily as Mexican, but the natural prediction for local identities is elusive. Regional identity could be a marker for parochialism and suggest lower support for globalization generally. On the other hand, the threat posed by globalization to “Mexicanness” may be perceived as just as strong. We remain agnostic. In addition, respondents were asked whether or not the spread of foreign ideas and customs in Mexico is a good or a bad thing (CUSTOMS). This variable is a more straightforward indicator of cultural parochialism, and we expect respondents with more cosmopolitan views to trend favorably on investment and trade policy preferences as well. We summarize the individual-level independent variables in Table 2, and the municipal-level variables in Table 3, along with appropriate descriptive statistics. Table 4 provides question texts for all the individual-level variables we use. Table 5 provides a summary of the sign we expect for each independent variable in our analysis.

As is customary, the regressions on the binary variable TRADE are logits. We use OLS for the investment index, which is approximately continuous, with too many cutpoints for ordered discrete outcome models. We take the sampling scheme fully into account in all models, incorporating sampling weights, stratification, and primary sampling clusters.²⁵ For logit models, we report odds ratios rather than marginal effects. Our approach to data analysis has been partially deductive and partially inductive. We came to the data with some strong priors based on previous research, yet we also engaged to some degree in specification searches, especially to verify the stability of findings, whether or not they were consistent with our priors. In the discussion of results, we emphasize robustness: we report nothing as a finding unless it has survived repeated attempts to undermine it.

²⁵ For more information, see the STATA manual on routines for survey data. It should be noted that properly incorporating the sampling scheme into the estimating procedure (a move that is often overlooked in this literature) yields significantly larger standard errors than would otherwise be the case.

Hypotheses.

Factor Endowment Model TRADE: The higher the educational level of survey respondents, the more likely they are to oppose Mexico's trade agreements.

 INVEST: The higher the educational level of the survey respondent, the lower the level of support for foreign investment.

Human Capital Model TRADE: The higher the educational level of survey respondents, the more likely they are to favor Mexico's trade agreements.

 The higher the percentage of municipality residents who speak an indigenous language, the less likely are survey respondents residing in the municipality to favor Mexico's trade agreements.

 The higher the percentage of municipality residents who have access to a radio, telephone and television, the more likely are survey respondents residing in the municipality to favor Mexico's trade agreements.

 INVEST: The higher the educational level of survey respondents, the higher the level of support for foreign investment.

 The higher the percentage of municipality residents who speak an indigenous language, the lower the level of support for foreign investment by survey respondents living in the municipality.

 The higher the percentage of municipality residents who have access to a radio, telephone and television, the higher the level of support for foreign investment by survey respondents residing in the municipality.

Consumption Model TRADE: The higher the household income of survey respondents, the more likely they are to support

Mexico's trade agreements.

	INVEST:	The higher the household income of survey respondents, the lower the level of support for foreign investment.
Retrospective Individual Model	TRADE:	The more positively respondents evaluate their personal economic situation relative to the previous year, the more likely they are to favor Mexico's trade agreements.
	INVEST:	The more positively respondents evaluate their personal economic situation relative to the previous year, the higher the level of support for foreign investment.
Retrospective Sociotropic Model	TRADE:	The higher the level of unemployment in the municipality in which survey respondents reside, the less likely they are to support Mexico's trade agreements.
		Respondents who live in municipalities where poverty declined during the 1990s, are more likely to support Mexico's trade agreements.
		Respondents who believe that the world is headed in the right direction are more likely to support Mexico's trade agreements.
	INVEST:	The more positively respondents evaluate the effects of NAFTA on the Mexican economy, the higher the level of support for foreign investment.
		The more positively respondents evaluate the effects of NAFTA on the living standards of people like them, the higher the level of support for foreign investment.
		The higher the percentage employed in manufacturing in a respondents' municipality of residence, the higher the level of their support for foreign investment.

The higher the unemployment rate in a respondents' municipality of residence, the lower the level of their support for foreign investment.

Respondents who live in municipalities in which poverty declined during the 1990s, have higher levels of support for foreign investment.

Respondents who believe that the world is headed in the right direction, have higher levels of support for foreign investment.

Presidential Approval-Party Affiliation Model

TRADE: Respondents who approve of President Fox's performance are more likely to support Mexico's trade agreements.

Respondents who support the ruling PAN or the previously ruling PRI parties are more likely to support Mexico's trade agreements than are supporters or other political parties or independents.

INVEST: Respondents who approve of President Fox's performance have higher levels of support for foreign investment.

Respondents who support the ruling PAN or the previously ruling PRI parties have higher levels of support for foreign investment than do supporters of other political parties or independents.

Values and Identity Model

TRADE: The more favorable respondents' evaluation of the United States, the more likely are respondents to favor Mexico's trade agreements.

Respondents who live in center or southern parts of Mexico are less likely to favor Mexico's trade agreements than are respondents who live in Mexican states that border the United States.

Respondents who live in Mexico City are more likely to oppose Mexico's trade agreements than are Mexicans not living in the capital.

Respondents who identify more strongly with their locality or with their country are less likely to favor Mexico's trade agreements than are those who profess a more cosmopolitan identity.

Respondents who believe the spread of foreign customs and ideas is a bad thing are less likely to favor Mexico's trade agreements.

Respondents who have family members living outside of Mexico are more likely to favor Mexico's trade agreements.

Respondents whose family receives remittances from family members living outside of Mexico are more likely to favor Mexico's trade agreements.

Respondents who have traveled outside of Mexico are more likely to favor Mexico's trade agreements.

Respondents who have regular contact with foreigners are more likely to favor Mexico's trade agreements.

INVEST: The more favorable respondents' evaluation of the United States, the higher are levels of support for foreign investment.

Respondents who live in center or southern parts of Mexico have lower levels of support for foreign investment than do respondents who live in Mexican states that border the United States.

Respondents who live in Mexico City have lower levels of support for foreign investment than do Mexicans not living in the capital.

Respondents who identify more strongly with their locality or with their country have lower levels of support for foreign investment than do those who profess a more cosmopolitan identity.

Respondents who believe the spread of foreign customs and ideas is a bad thing have lower levels of support for foreign investment.

Respondents who have family members living outside of Mexico higher levels of support for foreign investment.

Respondents whose family receives remittances from family members living outside of Mexico have higher levels of support for foreign investment.

Respondents who have traveled outside of Mexico have higher levels of support for foreign investment.

Respondents who have regular contact with foreigners have higher levels of support for foreign investment.

Results

Table 6 reports our results for TPPs; Table 7 has the results for FDIPPs. The most striking result of our analysis is the absence of findings that offer clear support to any of the economic theories of policy preference formation. We were unable to identify a single specification in which either individual income or education was statistically significant at conventional levels of confidence. The signs of the coefficients on income and income squared are consistently the opposite of what we would expect on Baker's consumption theory of TPPs, nor are these predictions borne out for investment attitudes. The point estimates for education show a consistently negative association with TPPs, as the factor endowment model would suggest, but the coefficients for FDIPPs are consistently positive, which would tend to support the human capital arguments or suggest that the factor endowment model has different implications for investment than it does for trade. However, in no instance do these findings achieve statistical significance.

Individual-level retrospective assessments fare no better in our data. Individual unemployment or changes in perceived personal economic situation are never significant, neither for trade nor for investment. Municipal percentage speaking an indigenous language is significant in some models of investment, but the size of effect is not large and the point estimates are unstable across models.

By contrast, our data show some very strong sociotropic effects, though only for investment policy preferences.²⁶ On average and net of other effects, respondents who believe that NAFTA has been good for the Mexican economy score more than .20 higher on the investment index (which varies from 0 to 3) than those who believe it has been bad. A similarly sized change holds for perceptions about the effects of NAFTA on living standards. These findings are statistically significant at the .01 level of confidence; moreover, the effects are robust to a range of alternative specifications.

The effect sizes for municipal proportion employed in manufacturing are even more striking. A change of .01 in this proportion is associated with a change of between .06 and .1 in the value of the investment index. More concretely, varying this proportion from its highest to its lowest values predicts a difference of 9 - 14% of the full value of the index. The point estimates on this variable are somewhat unstable, and it fails statistical significance at the .05 level in one model.

FDIPPs are also associated with respondents' perceptions of the "direction of the world" in most specifications we tried and at statistically significant levels. On average, those with the most positive global attitudes were between 3.5% and 7% higher on the investment index than were those with the least positive attitudes. The municipal percentage unemployed is generally not significant, nor is change in the municipal percentage poor from 1990 to 2000. These strong sociotropic effects do not generally hold for trade. Only one variable comes up significant occasionally, attitude toward the state of the world, and the effect is not robust.

What is especially worth noting is that individuals' perceptions of aggregate benefits to groups of people —Mexicans, "people like me," or the world as a whole— appear to be far more important determinants of their policy preferences than their individual economic circumstances or endowments. We also find some evidence that individuals are forming their judgments about international trade and investment based on the economic fortunes of their localities.

Moreover, these findings signal that individual judgments are retrospective, rather than based on rational expectations. It seems that Mexicans have formed opinions about the general consequences of liberal economic policies, and these opinions structure their preferences toward future policy changes.

We get our strongest and most consistent findings from the variables that measure values and political attitudes, which is consistent with the conclusions of a number of recent papers.²⁷ We have found no model or

²⁶ As explained above, the sociotropic assessment of NAFTA on the Mexican economy and on living standards was not tested on TPPs because of the difficulty of separating perceptions of NAFTA's benefits from attitudes toward NAFTA.

²⁷ "Values" as determinants of economic policy remain somewhat under-theorized. A recent exception is the work

specification in which respondents' attitudes toward the United States are not significant in both statistical and substantive terms, and for both trade and investment policy preferences. For trade, a change of one unit on the "feeling thermometer" for the US is associated with 1.5% to 1.6% greater odds of a positive attitude toward NAFTA, which signifies that those with the most positive attitudes about the US are about 1.5 times more likely to support NAFTA than are those with the most negative postures. For investment, the effects are similarly impressive. A change of 10 points on the 100-point feeling thermometer is associated with a change of from 0.6% to 1.2% of the index value.

Our attempt to account for this "American effect" by controlling for respondents' levels of contact with Americans and the United States produced mixed and puzzling results. Receipt of remittances and contact with foreigners at work are never statistically significant. Having family outside Mexico is strongly associated with TPPs, while having personally traveled outside Mexico is a strong predictor of FDIPPs. These findings are quite robust to alternative specifications and we do not know how to account for them. What can be said with a fairly high degree of assurance is that these "contact" variables do not account for the effect of attitudes to the US on the dependent variables: the latter relationship is robust to the inclusion of the contact variables.

Our findings are supportive of previous work in Mexican public opinion showing the importance of presidential approval for attitudes toward reform. Our data show that a one-unit change in the presidential approval variable is associated with 20% greater odds of supporting NAFTA. For investment, a change of one unit in presidential approval yields a change of about 1 to 1.5% of the value of the index. These results are generally statistically significant, but it is clear that some of our other findings dwarf the size of these effects. There is some reason to believe that the status of the presidency in Mexico is gradually declining in the post-authoritarian era. In particular, Mexicans generally do not regard Vicente Fox as a strong and decisive leader. These long- and short-term trends may explain the weakness of our results in comparison with earlier studies.

We also find that Mexican attitudes toward the spread of foreign customs and practices are of vital importance for understanding opinions toward economic globalization. Mexicans who approve of cultural globalization have between 70% and 80% greater odds of favoring NAFTA than those who disapprove. Approval for the propagation of foreign customs in Mexico is associated with a difference of between 7% and 9% of the total value of the investment index.

of Wolfe and Mendelsohn (2005). Although our empirical results are similar, our data actually undermine their theoretical premise that resistance to globalization is rooted in the perceived violation of a post-war "embedded liberal consensus". Developing countries like Mexico cannot reasonably be considered as part of any such consensus. That they should similar "values" results suggest the need for a broader theory of values and globalization.

We find little support for party or national identity effects. Only one value for party id sometimes comes up statistically significant: “other,” which encompasses a variety of very small anti-establishment parties.²⁸ There are no important differences in the attitudes of supporters of the three heavyweight Mexican parties or political independents, once we statistically control for other factors. We suspect these results stem from the specific history of the Mexican party system and the “catch all” nature of the three major parties.

We also find no consistently important differences among people who identify primarily in terms of the nation, the region or state, or more cosmopolitan criteria. The size of the coefficients for “cosmopolitan” suggest that there may be a real difference between these individuals and regionally- or nationally-identifying people, but the small number of cosmopolitan respondents leads to large standard errors. In any event, their small numbers suggest that such people are politically marginal in Mexico and therefore probably not worth more careful investigation.²⁹

Our demographic and regional controls do not exhibit consistent effect across models and dependent variables. The sign of the coefficients always points toward greater approval for trade and investment in the northern border states than in the rest of Mexico (center, south/southeast, or capital). The magnitude and statistical significance of these effects tends to diminish as we add other variables to the analysis. The age and sex of the respondent similarly do not reach statistical significance most of the time, though once again the signs of the coefficients always point toward less support for trade and investment among women and older respondents.

The overall story we learn from the data is that, in Mexico, sociotropic and retrospective evaluations, as well as political and social values, tend to drive attitudes toward trade and investment, and rational expectations about average economic prospects do not. In a way, these results are quite intuitive. Although widely accepted models of international trade and investment make strong predictions about who should benefit and who suffer economically from globalization, individuals operate under highly uncertain conditions. It makes sense that people look to their political and cultural biases, as well as the aggregate results of economic policy, using multiple reference groups, to determine what policy preferences to adopt.

²⁸ *México y el Mundo* had separate categories for the Mexican Green-Ecologist party and “other,” but we collapsed these two categories due to very small cell values.

²⁹ Interestingly, our data suggest that adopting a cosmopolitan identification is associated with religious orientation in Mexico: those professing “no religion” and evangelical Christians are the groups most likely to express non-local and non-national identities.

Discussion and Conclusions

The most intriguing finding of this analysis is that factor endowments do not appear to exert an influence on Mexicans' trade and investment policy preferences. While we were surprised by this finding, we do not interpret it as undermining economic models of trade. Rather, we believe that the model of preference formation that many prior studies take for granted, that preferences to trade and investment are based on rational expectations about who wins and who loses in economic globalization, needs to be carefully reconsidered against the retrospective and sociotropic alternative arguments for which we find ample evidence in Mexico. To us, it appears quite intuitive that individuals with incomplete knowledge and vague causal intuitions would look to the recent past and to the aggregate economic performance of various reference groups in developing their judgments about the merits of economic globalization.

In addition, our findings for the Mexican case are in line with recent research at the sub- and cross-national levels of analysis that highlights the role of identity and values in shaping attitudes to globalization (Wolfe and Mendelsohn 2005; Mayda and Rodrik 2005). Much like the Canadians analyzed in the former paper, Mexican opinions about free trade and investment reflect real anxiety about the cultural and political consequences of increasing interdependence with the United States.

The cross-national findings on the importance of identity and values further suggest that what we and Wolfe and Mendelsohn (2005) find for United States neighbors should also hold for other countries. This suggests the importance in future research on economic globalization and policy preferences for explicit theorizing on two substantive questions: to what extent is economic globalization perceived as an American agenda imposed upon the world? And, under what conditions do anti-American attitudes, or more generally strongly nationalist or patriotic values, have a greater or lesser effect on support for policies that advance economic globalization.

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Tables

Table 1: Dependent Variables and Descriptive Statistics

TRADE:		INVEST:	
<i>Mexico has signed free trade agreements with various countries. Are you in favor or opposed to the free trade agreement with the United States and Canada?</i>		Investment additive index (7 elements) Cronbach's alpha: 0.85	
0 = opposed	25.6%	N	1485
1 = in favor	74.4%	Mean	1.07
		Min.	0
		Max.	3
INDEX COMPONENTS:			
<i>In your opinion, should the Mexican government permit or not that foreigners invest in:</i>			
<i>Telecommunications companies like Telmex or Avantel</i>		<i>Electricity and Gas</i>	
0 = no	43.1%	0 = no	56.6%
1 = depends/not sure	2.3%	1 = depends/not sure	3.1%
2 = yes	54.5%	2 = yes	40.3%
<i>Oil production and distribution</i>		<i>Government Bonds such as Cetes</i>	
0 = no	65.3%	0 = no	58.2%
1 = depends/not sure	3.2%	1 = depends/not sure	4.0%
2 = yes	31.6%	2 = yes	37.8%
<i>Media companies such as television networks and newspapers</i>		<i>Infrastructure such as roads, bridges, ports, and rail lines</i>	
0 = no	42.3%	0 = no	44.2%
1 = depends/not sure	3.6%	1 = depends/not sure	2.4%
2 = yes	54.0%	2 = yes	53.4%
<i>How much does Mexico benefit from foreign investment, in your opinion?</i>			
0 = not at all	9.0%		
1 = a little	34.5%		
2 = some	24.1%		
3 = a lot	32.5%		

Note: All frequency percentages weighted. Percentages may not sum to 100% due to rounding error.

Table 2: Independent variables with summary statistics (individual level)

Variable	Values/Interval	Frequencies/Descriptives
Region (REGION)	0 = border states 1 = south/southeast 2 = central	600 (40%) 300 (20%) 600 (40%)
Capital City (DF)	0 = Federal District 1 = Federal District	1380 (92%) 120 (8%)
Household Income (HOUSEINC)	1 = \$0 – 1357 2 = \$1358 – 4071 3 = \$4072 – 6786 4 = \$6787 – 9500 5 = \$9501 – 13570 6 = \$13571 – 40710 7 = \$40711 – +	229 (17.21%) 524 (39.37%) 288 (21.64%) 127 (9.54%) 89 (6.69%) 60 (4.51%) 14 (1.05%)
Education (EDUC)	1 = none 2 = incomplete primary 3 = complete primary 4 = incomplete secondary 5 = complete secondary 6 = incomplete preparatory 7 = complete preparatory 8 = incomplete university 9 = complete university 10 = graduate	73 (4.88%) 238 (15.90%) 233 (15.56%) 72 (4.81%) 306 (20.44%) 68 (4.54%) 221 (14.76%) 81 (5.41%) 184 (12.29%) 21 (1.40%)
Employment (EMPLOY)	0 = not in labor force 1 = unemployed 2 = employed	733 (49.00%) 88 (5.88%) 675 (45.12%)
Economic Situation (vis-à-vis July 2003) (ECONSIT)	0 = better 1 = equally good 2 = equally bad 3 = worse	333 (22.58%) 382 (25.90%) 258 (17.49%) 502 (34.04%)
In(number of foreign trips) (TRAVEL)	0 – 5.90	Mean = 0.64, Std. = 1.08
Family outside of Mexico? (FAMILY)	0 = no 1 = yes	598 (39.95%) 899 (60.05%)
Receive remittances? (REMIT)	0 = no 1 = yes	1201 (80.28%) 295 (19.72%)
Contact with foreigners at work? (CONTACT)	0 = no 1 = yes	1260 (84.51%) 231 (15.49%)
Feelings about US (USTEMP)	0 – 100	Mean = 70.29%, Std. = 25.93%
The world going in the right direction.	1 = strongly agree 2 = somewhat agree	134 (9.44%) 294 (20.72%)

(WORLDDIR)	3 = somewhat disagree	318	(22.41%)
	4 = strongly disagree	673	(47.43%)

Table 2 (cont'd)

Do you approve of the President's performance? (PRESAPPROV)	1 = approve	617	(42.76%)
	2 = approve in part	378	(26.20%)
	3 = disapprove in part	94	(6.51%)
	4 = disapprove	354	(24.53%)
Which political party do you support? (PARTY)	1 = PAN	321	(21.90%)
	2 = PRI	413	(28.17%)
	3 = PRD	123	(8.39%)
	4 = other	13	(0.89%)
	5 = independent	596	(40.65%)
How do you define your principal identity? (IDENTITY)	1 = local, state, regional	470	(31.63%)
	2 = Mexican	950	(63.93%)
	3 = cosmopolitan*	66	(4.44%)
Effects of NAFTA on the Mexican economy. (MEXECON)	1 = bad	542	(38.47%)
	2 = equally good/bad, depends	164	(11.64%)
	3 = good	703	(49.89%)
Effects of NAFTA on living standards of "people like you." (LIVESTD)	1 = bad	504	(36.18%)
	2 = equally good/bad, depends	250	(17.95%)
	3 = good	639	(45.87%)
Is it good or bad for foreign ideas and customs to spread in Mexico? (GLOBECUL)	0 = bad	733	(51.08%)
	1 = depends	273	(19.02%)
	2 = good	429	(29.90%)
(AGE)	18 – 92	Mean = 41.0, Std. = 15.9	
(SEX)	1 = male	620	(41.33%)
	2 = female	880	(58.67%)

Source: México y el Mundo/Global Views 2004, Centro de Investigación y Docencia Económicas y Consejo Mexicano de Asuntos Internacionales. <http://mexicoyelmundo.cide.edu/>

*Latin American, North American, or "citizen of the world."

Italics indicate the omitted category when multinomial variables are dummied out.

Table 3: Independent variables with summary statistics (municipal level)

Variable	Interval	Descriptive Statistics
Proportion media exposure (MEDIA)	0.38 – 0.88	Mean = 0.70, Std. = 0.12
In(proportion indigenous language) (INDIG)	-7.22 – -0.66	Mean = -4.48, Std. = 1.38
(Proportion poor 2000) – (Proportion poor 1990*) (POORDIFF)	-0.07 – 0.08	Mean = 0.02, Std. 0.03
Percent unemployed	0.5 – 2.5	Mean = 1.26, Std. 0.41

(UNEMPL)		
Proportion employed in manufacturing (MANU)	0.04 – 0.46	Mean = 0.19, Std. 0.10

Source: Census of Population and Households, INEGI, Mexico, 2000.

* Source: Census of Population and Households, INEGI, Mexico, 1990.

Table 4: Question Wording for Survey Items

Variable Name	Question Wording (English)	Question Wording Spanish
HOUSEINC	Including the income of all members of your family that work, what is your total household income?	Sumando los ingresos de todas las personas que trabajan en su casa, ¿cuál es el rango de ingreso familiar mensual?
EDUC	Education (highest grade)?	¿Hasta qué año escolar estudió usted (grado máximo)?
EMPLOY	What is your work status?	¿Cuál es su situación laboral?
ECONSTIT	Do you consider that your economic situation in better, the same or worse than last year (July 2003) ?	Con respecto al año pasado (JULIO DEL 2003), ¿considera que su situación económica es mejor, igual o peor ?
TRAVEL	Please tell me, approximately how many times in your life you have traveled outside of Mexico?	Dígame por favor, ¿aproximadamente cuántas veces en su vida ha viajado fuera de México?
FAMILY	Do any of your family members live outside of Mexico?	¿Algún familiar suyo vive fuera de México o no?
REMIT	Do you or your family receive money from relatives who work outside of the country?	¿Usted o su familia reciben dinero de parientes que trabajan fuera del país?
CONTACT	In your activities or work, do you have frequent contact with foreign people, businesses or institutions?	Debido a su actividad o trabajo ¿tiene usted relaciones frecuentes con personas, empresas o instituciones extranjeras o no?
USTEMP	Now I am going to ask you to measure your feelings towards some countries, with 100 meaning a very favorable feeling, 0 meaning a very unfavorable feeling, and 50 meaning a feeling that is neither favorable nor unfavorable. You can use any number between 0 and 100, the higher the number, the more favorable your feelings toward this country. If you don't have any feelings toward this country or have never heard of it, please tell me.	Ahora le voy a pedir que mida su opinión sobre algunos países, con 100 expresando una opinión muy favorable, con cero una opinión muy desfavorable, y con 50 una opinión ni favorable ni desfavorable. Puede usar cualquier número de 0 a 100, mientras más alto sea el número más favorables son sus opiniones sobre ese país. Si no tiene opinión al respecto o nunca ha oído de ese país, por favor dígamelo.
WORLDDIR	Please tell me if you strongly agree, somewhat agree, somewhat disagree or strongly disagree with the following statement. In general, the world is going in the right direction.	Dígame usted, ¿qué tan de acuerdo está con la siguiente afirmación? "En general el mundo va en la dirección correcta" Muy de acuerdo, algo de acuerdo, algo de desacuerdo o muy de desacuerdo.

PRESAPPROV	In general, do you agree or disagree with the way President Fox is governing?	En general, ¿está usted de acuerdo o en desacuerdo con la manera como está gobernando el presidente Vicente Fox?
PARTY	Regardless of what party you have voted for, do you normally consider yourself to be a Panista, Priista, PRDista, Green Partyist, o some other party?	Independientemente del partido por el cual usted ha votado, ¿normalmente se considera panista, priista, perredista, verde ecologista o de otro partido?

Table 4 (cont'd)

IDENTITY	¿Which of the following do you feel more: (1) Yucatecan, capitalino (substitute according to state) (2) Mexican (3) Latin American (4) North American (5) Citizen of the World	¿Qué se siente usted más:? (1) Yucateco , capitalino (SUSTITUIR SEGÚN EL ESTADO) (2) Mexicano (3) Latinoamericano (4) Norteamericano (5) Ciudadano de todo el mundo
MEXECON	Overall, do you think the North American Free Trade Agreement, also known as NAFTA, is good or bad for the Mexican economy?	En general, ¿cree usted que el Tratado de Libre Comercio con Estados Unidos y Canadá es bueno o malo para la economía mexicana?
LIVESTD	Overall, do you think the North American Free Trade Agreement, also known as NAFTA, is good or bad for the standard of living of people like you?	En general, ¿cree usted que el Tratado de Libre Comercio con Estados Unidos y Canadá es bueno o malo para el nivel de vida de personas como usted?
GLOBECUL	Please tell me, for you, is it good or bad that ideas and customs from other countries spread in Mexico?	Dígame, para usted, ¿es bueno o malo que las ideas y costumbres de otros países se propaguen en México?

Table 5: Predicted signs of the coefficients.

	Expected Sign Trade	Expected Sign Investment
Factor Endowment Model		
EDUC	-	-
Human Capital Model		
EDUC	+	+
INDIG	-	-
MEDIA	-	-
Consumption Model		
HOUSEINC	+	-
Retrospective Individual Model		
ECONSIT	+	+
EMPLOY	+	+
Retrospective Sociotropic Model		
MEXECON	NA	+

LIVESTD	NA	+
MANU	NA	+
UNEMPLOY	-	-
POORDIFF	+	+
WORLDDIR	+	+
Presidential Approval		
PRESAPPROV	+	+
PARTY		
PRI	+	+
PAN	+	+
PRD	-	-
Other	-	-
Independents	-	-
Values and Identity Model		
USTEMP	+	+
REGION	-	-
CAPITAL	-	-
IDENTITY		
Local	-	-
National	-	-
Cosmopolitan	+	+
CUSTOMS	+	+
FAMILY	+	+
REMIT	+	+
TRAVEL	+	+
CONTACT	+	+

Table 6: Determinants of TPPs on NAFTA (weighted logit estimates)

Variables	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
EDUC	0.96 (0.04)	0.95 (0.04)	0.97 (0.04)	0.96 (0.04)	0.96 (0.05)	0.98 (0.05)
HOUSINC	0.82 (0.21)	0.82 (0.21)	0.82 (0.22)	0.83 (0.24)	0.88 (0.26)	0.84 (0.25)
HOUSEINC²	1.05 (0.04)	1.04 (0.04)	1.04 (0.04)	1.04 (0.04)	1.03 (0.04)	1.04 (0.04)
EMPLOY						
Unemployed		1.04 (0.34)				
Employed		1.03 (0.19)				
ECONSTIT						
Equally good		1.03 (0.24)				
Equally bad		1.03 (0.24)				
Worse		0.95 (0.21)				
TRAVEL					1.14 (0.10)	
FAMILY					1.39 (0.23)	1.50 (0.25)
REMIT					0.86 (0.19)	
CONTACT					0.83	

USTEMP					(0.21)	
				1.015	1.016	1.014
				(0.003)	(0.003)	(0.003)
WORLDDIR			0.83			0.90
			(0.07)			(0.09)
PRESAPPROV				1.23	1.21	1.21
				(0.08)	(0.84)	(0.09)
GLOBECUL				1.31	1.32	1.29
				(0.12)	(0.12)	(0.11)
PARTY						
PRI				0.88	0.80	0.88
				(0.21)	(0.19)	(0.21)
PRD				0.62	0.55	0.56
				(0.19)	(0.17)	(0.18)
Other				0.37	0.32	0.32
				(0.21)	(0.19)	(0.19)
Independent				0.94	0.88	0.96
				(0.22)	(0.20)	(0.23)
IDENTITY						
Regional				1.001	0.98	0.94
				(0.17)	(0.18)	(0.16)
Cosmopolitan				1.41	1.66	1.34
				(0.51)	(0.60)	(0.50)
AGE	0.99	0.99	0.995	0.99	0.99	0.99
	(0.005)	(0.005)	(0.005)	(0.006)	(0.006)	(0.01)
SEX	0.88	0.89	0.85	0.84	0.90	0.84
	(0.13)	(0.16)	(0.13)	(0.14)	(0.15)	(0.14)

Table 5 (cont'd)

REGION						
South/Southeast	0.36	0.41	0.39	0.51	0.62	0.42
	(0.14)	(0.09)	(0.11)	(0.12)	(0.15)	(0.16)
Central	0.55	0.57	0.53	0.72	0.78	0.58
	(0.13)	(0.12)	(0.12)	(0.16)	(0.19)	(0.16)
DF	0.50	0.40	0.64	0.47	0.48	0.69
	(0.16)	(0.11)	(0.20)	(0.13)	(0.14)	(0.22)
MEDIA	0.27					0.83
	(0.30)					(1.06)
INDIG	0.92					1.05
	(0.08)					(0.09)
POORDIFF			1.04			1.04
			(0.03)			(0.03)
UNEMPL			0.70			0.90
			(0.15)			(0.21)
Obs.	1172	1156	1132	1002	969	978

Bold indicates $p < .05$, *Bold italic* indicates $p < .01$

Table 7: Determinants of FDIPPs (weighted OLS estimates)

Variables	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
EDUC	0.02	0.02	0.02	0.0007	0.004	0.02
	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
HOUSINC	-0.03	0.003	-0.005	0.10	0.04	0.03

HOUSEINC ²	(0.07) 0.007 (0.009)	(0.07) 0.002 (0.01)	(0.07) 0.003 (0.009)	(0.08) -0.01 (0.01)	(0.07) -0.003 (0.01)	(0.07) -0.0003 (0.009)
EMPLOY						
Unemployed		-0.05 (0.08)				
Employed		0.004 (0.05)				
ECONSIT						
Equally good		0.14 (0.06)				
Equally bad		0.13 (0.06)				
Worse		0.01 (0.05)				
TRAVEL				0.08 (0.02)	0.06 (0.02)	
FAMILY				0.02 (0.05)		
REMIT				-0.02 (0.06)		
CONTACT				0.08 (0.07)		
USTEMP				0.003 (0.0009)	0.003 (0.0008)	0.002 (0.0007)
WORLDDIR			-0.07 (0.02)		-0.05 (0.02)	-0.04 (0.02)
PRESAPPROV				0.05 (0.02)	0.04 (0.02)	0.04 (0.02)
GLOBECUL				0.14 (0.03)	0.13 (0.03)	0.10 (0.02)
MEXECON						
Depends			-0.007 (0.08)			-0.09 (0.07)
Good			0.23 (0.05)			0.21 (0.06)
LIVESTD						
Depends			0.17 (0.07)			0.18 (0.07)
Good			0.26 (0.05)			0.24 (0.06)
PARTY						
PRI				0.06 (0.06)	0.07 (0.06)	0.03 (0.07)
PRD				-0.003 (0.09)	-0.0008 (0.09)	-0.008 (0.10)
Other				-0.33 (0.15)	-0.31 (0.14)	-0.22 (0.16)
Independent				-0.06 (0.06)	-0.06 (0.06)	-0.07 (0.05)

Table 5 (cont'd)

IDENTITY						
Regional				0.08 (0.05)	0.04 (0.05)	0.032 (0.05)
Cosmopolitan				0.14 (0.10)	0.10 (0.10)	0.14 (0.10)
AGE	-0.003 (0.001)	-0.002 (0.001)	-0.001 (0.001)	-0.005 (0.002)	-0.004 (0.001)	-0.002 (0.001)
SEX	-0.73 (0.04)	-0.08 (0.05)	-0.07 (0.04)	-0.06 (0.04)	-0.06 (0.04)	-0.09 (0.04)
REGION						
South/Southeast	-0.13 (0.09)	-0.34 (0.07)	-0.04 (0.10)	-0.16 (0.08)	0.02 (0.11)	0.13 (0.12)
Central	-0.24 (0.06)	-0.33 (0.06)	-0.12 (0.07)	-0.14 (0.07)	-0.06 (0.08)	-0.02 (0.8)
DF	-0.15 (0.12)	-0.16 (0.11)	-0.06 (0.13)	-0.14 (0.12)	0.009 (0.13)	-0.08 (0.13)
MEDIA	0.13 (0.28)					0.37 (0.34)
INDIG	-0.09 (0.02)					-0.05 (0.02)
POORDIFF			0.005 (0.007)		0.01 (0.007)	0.009 (0.008)
UNEMPL			-.13 (.06)		-.10 (0.06)	-.08 (0.06)
MANU			0.73 (0.32)		1.04 (0.33)	0.63 (0.33)
Constant	0.86 (0.24)	1.32 (0.17)	1.14 (0.019)	0.59 (0.29)	0.82 (0.25)	0.15 (0.26)
Obs.	1313	1294	1157	1050	1026	995
R²	0.102	0.087	0.190	0.150	0.169	0.232

Bold indicates $p < .05$, *Bold italic* indicates $p < .01$

